

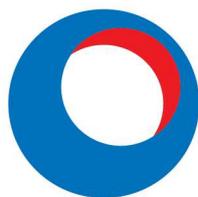
ANNUAL REPORT 2019

TISCO Financial Group PLC.



Annual Report 2019

TISCO Financial Group Public Company Limited



TISCO

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Report from the Board of Directors

In 2019, Thailand's economic growth continued to weaken with GDP growth of 2.4%, hitting a record low in the past 5 years. The slowdown was mainly a result of ongoing US-China trade dispute which affected global economy across the board. The sluggish global demand coupled with strong Thai baht had deteriorated Thailand's export activities. Meanwhile, the high household debt level put a constraint on consumptions where domestic car sales contracted by 3.3% from the previous year. The government continued its economic stimulus measures to induce domestic spending, however the impact was relatively limited. To ease the pressure of global economic downturn, the monetary policy easing was implemented with US Federal Reserve lowering interest rate 3 times to 1.50%. The Bank of Thailand also reduced policy rate twice to 1.25%.

Thai banking industry faced multiple challenges, delivering loan growth of only 2.0% from last year. Amid slow pace of economic and income growth, the fast growing and highly competitive retail sector caused the rising level of household debt along with the increasing concerns over credit quality. Corporate and commercial lending sectors also remained sluggish with the slow-going investment from both public and private sectors. Prudential measures from the Bank of Thailand to curb the household debt problems and support responsible lending practices under the Sustainable Banking principles which consider ESG factors in setting policy and strategies for responsible lending with good management process for risk and impact from banks' lending activities. Therefore, commercial banks were facing a challenging time to balance between profitability, social responsibility, and rising risks. The industry has also undergoing preparation towards the transitioning into the new TFRS9 accounting standard, to be effective on January 1, 2020.

Over the year 2019, TISCO's business performance remained relatively resilient despite various challenges to the banking sector, reporting a net profit growth of 3.6% and delivering satisfactory Return on Equity (ROE) of 18.9%. Although growth has been subdued and business competition was intense in many core businesses, TISCO managed to generate steady stream of income from maintaining good business margin, controlling asset quality, and expanding fee-based income. While the core retail lending business had flattish loan growth, with strong price pressure from intense market competition, overall business margin has been maintained as a result of increased penetration in small loan business through "Somwang Ngern Sang Dai" channels. In capital market area, the brokerage business has been much affected by declining market turnover and severe price cutting that has eroded profitability. However, the group has done well in growing bancassurance and asset management business to compensate and drive up the revenue from fee income. With TISCO's prudent risk management practices, asset quality has been well controlled with NPL ratio declined from 2.9% to 2.4%, while still maintaining sufficiently high level loan loss reserves. TISCO was thus well positioned to transition into the new TFRS9 accounting standard with strong balance sheet and reserve position to counter for future volatility that may occur.

Striving to create sustainable value to all stakeholders, TISCO was rewarded with the honorable "Best Company Performance" from SET Awards 2019 for the second consecutive year, emphasizing the excellence in business performance and good corporate governance. In addition, TISCO's Group CEO, Mr. Suthas Ruangmanamongkol, also received "Outstanding CEO Award" from SET Awards 2019 for his leadership and years of dedication that paved the company to the sustainable growth. In 2019, TISCO Asset Management Co., Ltd. delivered notable performance amid a volatile capital market condition from outperforming the benchmark in provident fund business. Consistently generating favorable returns, TISCO's provident fund business continued to increase in the number of members and contributions, achieving the highest market-share position in the industry both in terms of size, and number of employers and employees. As a recognition of our success, TISCO Asset Management Co., Ltd. received "Outstanding Asset Management Company Award 2019" from SET Awards 2019. In bancassurance, with the growing social trend toward health awareness, TISCO has strengthened the image of an "Investment Advisory" house with the launch of a new theme "TISCO Health Protection Advisory", offering the "Best in Class" protection products that were structured to fit into clients' lifestyle and support financial stability altogether. TISCO worked in collaboration with many well-known insurance companies through Open Architecture platform which enabled the access to product choices via TISCO's distribution networks.

Year 2019 was also marked TISCO's 50th anniversary of successes and achievements. In the 50th anniversary occasion, TISCO initiated the charitable project "Friends for Life" in collaboration with business partners, clients and counterparties to support the fund raisings for the purchase of medical equipment for five major state hospitals in Thailand. For a period of three months, the project has raised a total of 118,999,950 baht which went directly to the five major hospitals with purposes to help develop medical practitioners, maintain staffing and equipment, and support facility improvements. This philanthropic event represented our determination as a financial institution to help improving healthcare and quality of life of Thai society.

While continuing to support Sustainability Development aspect, TISCO was selected for the third time into Thailand Sustainability Investment (THSI) 2019 by the Stock Exchange of Thailand (SET) and received Certificate of "ESG100 Company" for 5 consecutive years. TISCO has committed to sustainability practices in all aspects: Environmental, Social and Governance (ESG), in alignment with good corporate governance and to provide transparency and ethical business practices. Consistently, the customer protection measures were widely promoted in all branch networks through the practices of responsible lending, fair treatments and data confidentiality in compliance with market conduct regulations.

Entering into 2020, the business and operating environments look to be even tougher with various challenges. Prolonged economic stagnation, external uncertainty, coupled with severe drought situation and high household debts are now exacerbated by the outbreak of Coronavirus disease. The new epidemic can have uncharted impact on consumption, investment, and trades, and in particular to the tourism industry which is the major source of income to the country. Strong caution will therefore be required to steer the course of business in this very difficult time. With the back drop of all difficulties and challenges, TISCO will continue doing business with prudence and care with an aim to create sustainable value to all stakeholders.

The board would like to express our gratitude to our shareholders, clients and business partners for their long-term supports, and extend special thanks to our management team and all staff for their dedication and hard work that have helped to overcome all the challenges for the past 50 years. We believe that with supports from all stakeholders, TISCO can prosper through any challenges for the year to come.

The Board of Directors

Part 1

Business Operations

1. Policies and Overview of TISCO Business

After the enactment of the Financial Institutions Business Act, B.E. 2551 on August 3, 2008, TISCO Bank Public Company Limited (“the Bank” or “TISCO Bank”) submitted an application to the Bank of Thailand to establish a Financial Group by setting up TISCO Financial Group Public Company Limited, a non-bank public company limited, as a holding company and parent company of the Group, in place of TISCO Bank.

TISCO Financial Group Public Company Limited (“the Company”), with TISCO Bank Plc. as its core subsidiary, operates as a shareholder in the companies under the Group and is involved in no other major businesses. TISCO Group provides a broad range of financial services across two primary business lines: commercial banking/lending and capital markets.

1.1 Vision, Mission, Values for business operations and business strategy

To align the goals and direction of business units with those of TISCO Group, the Company has put into 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 to achieve goals and objectives.

Our Vision is encapsulated in the motto “Wealth of Possibilities”.

Our Mission statement is as follows: “TISCO is a quality growth organization with strong customer priority, committed to delivering valuable financial services with mastery and professionalism. Our promise is to provide financial services that address customer needs across all geographies, to focus on creative financial solutions, and to advise on financial opportunities suitable for the various life stages of our customers. Continuous human capital development and leading-edge technological investments are key to our keeping our service efficient and reliable. TISCO also seeks to foster a culture of integrity, fairness, and transparency that creates sustainable value for our customers, shareholders, staff, and society”.

Our Values are the essence of the service we offer to our customers and the qualities we cultivate in our people. Through induction, training, and comprehensive corporate guidelines, these values are instilled in the 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 construct professional and practical solutions that fulfill our customers’ requirements. |
| 2) Mastery | Our staffs are obligated to continually learn and develop themselves in order to build an outstanding skillset that maximizes customer satisfaction. |
| 3) Integrity | All employees must conduct themselves with honesty and follow a code of ethics of the highest standards. |
| 4) Creativity | Our expertise is forged in knowledge, experience, and creativity. We provide advice that is not only accurate, but also creative, helping customers see a wider swath of financial possibilities. |
| 5) Reliability | The organization adds value to 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 can provide our customers with sound financial advice in a friendly and open-minded way, understanding their specific needs in order to help them achieve their goals. |

Strategic Plan

In formulating a 3-year business plan, TISCO considers both the external business environment and internal factors. The external business environment includes economic conditions, regulations, and government policies while internal factors are strengths, weaknesses, opportunities, risks, critical success factors as well as priority issues. 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 the Vision. To ensure balance in strategic planning, TISCO Group has adopted a Balanced Scorecard technique that covers four perspectives: financial, customer, internal process, and learning. Key Performance Indicators will be determined for all business areas and linked to performance management so as to gauge employee performance and ensure staffs are awarded fair compensation based on merit. Business performance is also monitored via Performance Dashboard sessions.

Implementation of strategic action

To achieve the organization's goals and align with the Vision and Mission framework, TISCO Group carried out the following strategic actions in 2019:

- Expanded geographical coverage through the microfinance branch network of the auto refinancing brand "Somwang Ngern Sang Dai". During the year, 49 Somwang branches were opened nationwide, raising the total to 287, catering to rising demand for loans against auto license.
- Developed products and services suitable to the ageing/retired society trend, and expanded the wealth management business in the growing upper-middle income segment. Deposit base was also expanded by 9% (YoY). Meanwhile, TISCO Asset arranged retirement financial knowledge seminars for provident fund members throughout 2019.
- TISCO Group emphasized more investment advisory and financial planning services through an open architecture investment and protection platform, thereby enhancing the ability of wealth managers to effectively provide professional financial planning, investment and asset allocation. In 2019, TISCO Group's fund selling agent service covered mutual funds of 12 asset management companies, while 65 wealth relationship managers held AFPT/CFP certification. In term of new products, TISCO launched several funds to service various risk levels; these included the TISCO Income Plus Fund which invests in multiple asset classes to provide diversification during global economic slowdown and heightened trade war risk. TISCO also introduced a comprehensive health protection advisory service in which health insurance plans are selected from leading insurance companies and strategic advice is offered, focusing on comparison of benefits for customers and after-sales services.
- Retained and developed additional business with existing clients through a total solution approach. Extensive collaboration across business groups extended business referrals across the Group and helped development of more products and services that suit customer lifestyle or needs.
- Explored and leveraged business partners for client acquisition and market access. TISCO was entrusted to provide car protection insurance and serve as an insurance agent for leading car producers Ford and Mazda.
- Developed digital infrastructure and the digital service channel to support change in customer behavior and expansion of retail customer base.

1.2 Important changes and developments during the past three years

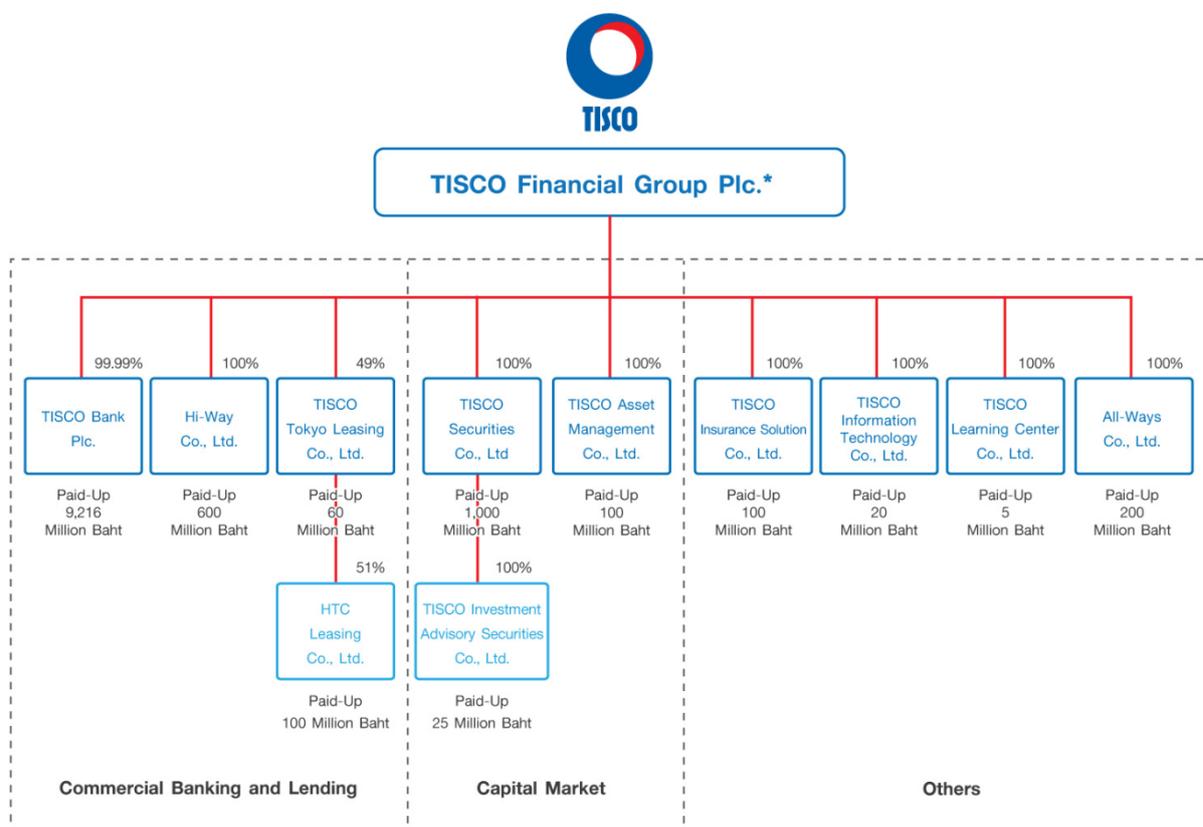
- In 2016, TISCO Bank Public Company Limited and All-Ways Company Limited, subsidiaries under TISCO Group, signed an agreement to transfer the retail banking business of Standard Chartered Bank (Thai) Public Company Limited following the completion of the business acquisition on October 1, 2017. TISCO Bank Public Company Limited acquired the retail banking business, including mortgage loans, personal loans, business loans, wealth management, bancassurance, retail deposits, as well as 4 new bank branches. Meanwhile, All-Ways Company Limited acquired the credit card business.
- In 2018, TISCO Bank Public Company Limited and All-Ways Company Limited, subsidiaries under TISCO Group, entered into agreements for the sale of the personal loan portfolio and credit card business to

Citibank N.A. (Bangkok Branch). The personal loan portfolio was successfully transferred from TISCO Bank on June 4, 2018 while the credit card business was successfully transferred from All-Ways Co., Ltd. on September 23, 2018.

- In 2019, TISCO Financial Group Public Company Limited and TISCO Securities Company Limited, a subsidiary of TISCO Group, signed an agreement to terminate the joint venture agreement for “Deutsche TISCO Investment Advisory Company Limited”, a joint venture between TISCO Securities and Deutsche Bank group that operated under an investment advisory license in Thailand. The agreement was effective from 9 September 2019 onward.

1.3 Shareholding structure and business operations of the companies in TISCO Group

As TISCO Financial Group Public Company Limited operates as a shareholder in its subsidiaries and engages in no other major business, its competitive position is best examined through the business operations of the companies in TISCO Group. These companies operate in commercial banking and lending as well as capital markets and offer various financial services that satisfy a diverse range of customer needs. TISCO Group’s structure as of December 31, 2019 is shown below.



*Listed in The Stock Exchange of Thailand

Details of juristic person that TISCO Financial Group Plc. directly held more than 10% of issued shares as of December 31, 2019:

Company/Head Office Address	Type of Business	Type of shares	Registered Capital	Paid-up Capital	Issued and paid-up shares	Shareholding by the Company	
						Number of shares held	Percentage of ownership (%)
TISCO Bank Public Company Limited ¹ 1 st Fl., TISCO Tower, 48/2 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 6000 Fax. (66) 2633 6800	Commercial Bank	Common	9,215,676,920	9,215,676,920	921,567,588	921,452,629	99.99
		Preferred			104	-	
		Total			921,567,692	921,452,629	
Hi-Way Company Limited 2046/16 New Petchaburi Road, Bangkapi, Huankwang, Bangkok 10310 Tel. (66) 2319 1717 Fax. (66) 2308 7405	Hire Purchase and Leasing	Common	600,000,000	600,000,000	5,994,500	5,994,496	100.0
		Preferred			5,500	5,500	
		Total			6,000,000	5,999,996	
TISCO Tokyo Leasing Company Limited 16 th Fl., TISCO Tower, 48/30 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2638 0900 Fax. (66) 2638 0913	Hire Purchase and Leasing	Common	60,000,000	60,000,000	60,000	29,400	49.0
TISCO Insurance Solution Company Limited 22 th Fl., TISCO Tower, 48/51 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 6060 Fax. (66) 2633 4400	Insurance Selling Agent	Common	100,000,000	100,000,000	1,000,000	999,965	100.0
TISCO Securities Company Limited 4 th Fl., TISCO Tower, 48/8 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 6999 Fax. (66) 2633 6660	Securities	Common	1,000,000,000	1,000,000,000	100,000,000	99,999,998	100.0
TISCO Asset Management Company Limited 9 th Fl., TISCO Tower, 48/16-17 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 6000 Ext. 4 Fax. (66) 2633 7300	Asset Management	Common	100,000,000	100,000,000	1,000,000	999,994	100.0
TISCO Information Technology Company Limited 6 th Fl., TISCO Tower, 48/12 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 4299 Fax. (66) 2633 7600	Service Support	Common	20,000,000	20,000,000	200,000	199,994	100.0
TISCO Learning Center Company Limited 12 th Fl., Zone A, TISCO Tower, 48/20 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 7154 Fax. (66) 2633 7155	Service Support	Common	5,000,000	5,000,000	50,000	49,997	100.0
All-Ways Company Limited 7 th Fl., Zone A, TISCO Tower, 48/13 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 7129 Fax. (66) 2633 7150	E-marketplace platform	Common	200,000,000	200,000,000	2,000,000	1,999,997	100.0
Primus Leasing Company Limited ² 22 nd Fl., Zone A, TISCO Tower, 48/50 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. (66) 2633 7766 Fax. (66) 2633 7600	Proceeding Liquidation Process	Common	3,000,000	3,000,000	30,000	29,998	100.0

¹ Core company of TISCO Group² in the liquidation process

In addition, TISCO Bank Plc., the core company of TISCO Group, held 10% of issued shares in other companies, all of which are non-listed companies. The investments in such companies are classified as general investment. Details are provided in the notes to the consolidated financial statement, section 3.4.5 Investments in which a subsidiary company operating a banking business holds not less than 10 percent of the equity of the investees.

2. Nature of Business

Through its subsidiaries, TISCO Financial Group Public Company Limited ("the Company"), the parent company of TISCO Group ("the Group"), operates two main businesses: commercial banking and lending, and capital markets.

Commercial banking and lending: TISCO Group conducts commercial banking and lending services under the Financial Institution Business Act and related regulations. Financial services are offered through the Company's headquarters and the nationwide branch network of TISCO Bank Plc. and subsidiaries.

Capital Markets: TISCO Group provides securities and asset management services under the Securities and Exchange Act.

Revenue structure of TISCO Group

For 2019, the Company and its subsidiaries had net interest income and non-interest income at a ratio of 65.5 percent and 31.8 percent, respectively. Interest on loans held the largest proportion at 92 percent of total income. Details are as follows.

(unit: Million baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Interest Income						
- TISCO Bank Plc.	16,716	86.0	16,728	83.5	15,521	84.4
- Hi-Way Co., Ltd.	1,069	5.5	871	4.4	759	4.1
- Other Subsidiaries	96	0.5	91	0.4	102	0.5
Total Interest Income	17,881	92.0	17,690	88.3	16,382	89.0
Total Interest Expenses	(5,089)	(26.2)	(5,075)	(25.3)	(4,814)	(26.2)
Net Interest Income	12,792	65.8	12,615	63.0	11,567	62.8
Fee and Service Income						
- TISCO Bank Plc.	2,716	14.0	3,181	15.9	3,266	17.8
- TISCO Asset Management Co., Ltd.	1,757	9.0	1,523	7.6	1,686	9.2
- TISCO Securities Co., Ltd.	785	4.0	944	4.7	1,064	5.7
- Other Subsidiaries	1,253	6.4	691	3.4	329	1.8
Fees and Service Income	6,511	33.5	6,339	31.6	6,345	34.5
Fee and Service Expenses	(326)	(1.7)	(244)	(1.2)	(246)	(1.3)
Net Fee and Service Income	6,185	31.8	6,095	30.4	6,099	33.2
Other Operating Income	459	2.4	1,323	6.6	728	4.0
Total Operating Income	19,436	100	20,033	100.0	18,394	100.0

2.1 Areas of Service

As the Company operates as a shareholder of other companies (Holding Company) with no other major business, the areas of service can be categorized by the business operations of its subsidiaries, namely the commercial banking business and the securities business. In accordance with a client centric approach, the service operations of TISCO Group are divided into four business pillars: 1) Retail Banking, 2) Corporate Banking, 3) Wealth & Asset Management, and 4) Corporate Affairs & CSR. Details for each service follow below.

1. Retail Banking

Retail Banking group provides loan services to retail customers and SME customers, including retail loans, commercial lending, and bancassurance. Details are provided as follows:

1.1 Retail Loans

Retail loans consist of loan services offered to individuals seeking funding for specific consumption purposes. 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 and allows borrowers to buy assets under hire-purchase terms. The buyer makes a down payment at a predetermined proportion of asset value and pays equal installment amounts over a contract period. Ownership of assets is then transferred to the buyer after all installments are paid. Contract periods range from 1 to 8 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, excavators, and trailers. In addition, hire-purchase financing also offers loans for buying machinery and equipment for commercial purposes such as printing machines, medical equipment, construction equipment, etc.

In 2019, TISCO Group (specified for TISCO Bank and credit granting companies) granted hire purchase loans for new cars at a proportion of 43.2% Ford, 20.1% Mazda, and 36.7% other brands. The proportion of hire purchase loans for new cars and used cars was 91% and 9%. Amidst high market demand for hire-purchase loans, TISCO Group has focused on expanding the business by enhancing service quality, offering a greater variety of services, and engaging in effective asset control rather than price competition.

- **Consumer Loans**

Consumer loans, mainly offered by TISCO Bank, are in accordance with market needs and have a strong focus on acceptable risk-adjusted return on capital (RAROC). The consumer loans segment has four main categories as follows:

- **Mortgage Loans**

Mortgage Loans are granted to acquire residential property and for refinancing. The repayment terms vary from 3 to 30 years with full collateral. The interest rates of mortgage loans are either floating rate or combination of fixed and floating rate which shall be used as a fixed interest rate at a certain pre-defined period, such as 1-3 years. Moreover, TISCO provides home equity loans which are multi-purpose loans using real estate as collateral. The maximum credit line is 80% of appraised value with an installment period of up to 15 years.

In 2019, TISCO focused on increasing awareness in digital channels of Mortgage Saver, a product which allows customers to make prepayments. This can reduce mortgage interest while allowing customers to make withdrawals of excess cash anytime without requesting approval of a new loan. As a result, customers can effectively manage their cash and get consistent benefits.

- **Consumption Loans**

Consumption Loans are operated by TISCO Bank Plc, and Hi-Way Co., Ltd. Multipurpose loans are provided to individuals and business owners in need of cash under the brands TISCO Auto Cash and Somwang Ngern Sang Dai. The loans against vehicle registration cover various types of vehicles, including cars, trucks and motorcycles. Key features include repayment periods of up to 72 months without transfer of vehicle registration. In 2019, TISCO enhanced its products by increasing collateral coverage and launching a new lending service for SME clients. To enhance customer access to service, TISCO expanded its branch network of loans against vehicle registration nationwide under Somwang. At the end of 2019, there were 287 Somwang branches nationwide. In addition, TISCO expanded into a new online channel through an Official Line Account to provide even greater convenience for customers.

1.2 Commercial Lending

Commercial lending provides commercial credit facilities, mainly to small and medium-sized businesses such as inventory financing for car dealers, working capital loans, project finance, hire-purchase loans for commercial assets such as commercial trucks, bus, machinery, and medical instruments, as well as commercial loans with a credit guarantee by the Thai Credit Guarantee Corporation (TCG). In 2019, the Bank signed a memorandum of understanding for the Portfolio Guarantee Scheme-phase 8 projects aimed at small and medium-sized enterprises (SMEs). In addition, TISCO joined the Transformation Loan project to offer loans to SMEs with interest rates of 4 percent per annum.

1.3 Bancassurance

TISCO Bank and TISCO Insurance Solution Co. Ltd. have an Insurance Broker license from the Department of Insurance under the Ministry of Commerce. TISCO provides insurance brokerage services for both life and non-life, covering various types of insurances. TISCO has put more emphasis on selecting and developing both life and non-life insurance products to suit customer needs and risk profile. TISCO has worked in collaboration with many well-known insurance companies through an Open Architecture platform which enables TISCO to select and develop products with the insurance companies, who have product expertise in different areas. These enable TISCO to provide suitable and valuable products for customers. Presently, TISCO collaborates with several leading insurance companies which boast strong market presences and financial stability. The strong business partnerships with insurance companies give TISCO a competitive advantage in accessing best-in-class products, including life and non-life insurance, particularly healthcare and critical illness insurance for customers.

TISCO's bancassurance strategy utilizes an open architecture approach while considering needs, age, and lifestyle of each customer segment. In 2019, TISCO increased on-shelf products for two main customer segments: individual and private banking. For the individual customer segment, TISCO launched Somwang Gun Pai which focused on developing products, including car & motorcycle insurance and personal accident protection, through Somwang branches. For the wealth customer segment, TISCO extended service offerings from investment advisory to health protection advisory (TISCO Health Protection Advisory), offering best-in-class protection products structured to fit client lifestyle and ensure financial stability. In addition, TISCO has partnered with Ford and Mazda to serve as an insurance sales agent under the Ford Ensure and Mazda Premium Insurance schemes. In addition, for the third consecutive year, TISCO donated a part of income from selling healthcare and critical illness insurance to Ramathibodi Foundation. This philanthropic event reflects TISCO's determination as a financial institution to support medical researchers in improving healthcare and quality of life in Thai society.

2. Corporate Banking

Corporate Banking group provides fund raising services to corporate clients, corporate lending and investment banking services. Details are provided as follows:

2.1 Corporate Lending

Corporate Lending 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 industrial and seasonal businesses, by facilitating loans for buying raw materials and inventory, and loans for accounts payable repayments. The revolving loans have 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 specific needs created by medium or long-term business development projects. The project funding, 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 development, infrastructure construction, and project bids such as for power plants, or for buying industrial machinery.

- **Other Commercial Loans**

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, specifically

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 the assets earning ability.

- **Guarantee and Aval Services**

The Bank provides guarantees and aval services for our clients' 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.

2.2 Investment Banking

TISCO Securities Co., Ltd. is a leader in investment banking with a reputation of more than 50 years in providing superior service to both corporate and government-related clients. Staffed by 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, and boasts a wealth of experience in the 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 cover various types of instruments, including equity, debt, and convertible instruments. Moreover, TISCO Securities Co., Ltd. provides financial advisory services for mergers & acquisitions, privatization advisory and implementation, project financing, debt restructuring, feasibility study, project valuation, and general advisory.

In 2019, TISCO's investment banking arm provided customers with various financial advisory services including mergers & acquisitions and project valuation in various industries, such as transportation & logistics, petrochemicals, and energy & utilities. The highlighted transactions in 2019 were project valuation for a logistics company, financial advisory for a merger & acquisition in the petrochemical industry and for a power plant, and financial advisory in the search for a partner to make a joint venture deal.

3. Wealth & Asset Management

Aiming to be a top advisory house, TISCO offers a full range of financial and investment advisory services under the brand TISCO Wealth. TISCO Wealth provides comprehensive wealth management services, including banking, securities brokerage, and asset management to deliver investment solutions that meet the savings and investment goals of our clients. TISCO Wealth clients are also serviced by our professional relationship managers who provide unbiased advice on both onshore and offshore investment instruments as well as protection products. To elevate its service ability, TISCO has introduced a one stop service for mutual fund trading and insurance through an open architecture platform. The platform enables customers to invest in various mutual funds from 12 leading asset management companies, including TISCO Asset Management, and purchase protection plans from 8 leading insurance companies, with fund selection and comprehensive wealth advisory services offered at TISCO Bank's branches.

TISCO intends to expand its individual client base, enlarge assets under management, enhance staff service abilities, and improve its digital services. In 2019, TISCO Wealth continued to focus on service excellence as a full coverage investment advisory house. Under this theme, TISCO's Economic Strategy Unit published the TISCO Investment Portfolio Strategy or TIPS, a comprehensive report with in-depth analysis of the global economy and portfolio investment strategies. To deliver the best wealth solutions for clients, TISCO has developed various types of funds, including foreign investment funds and trigger funds which offer tactical market timing opportunities for clients. For long-term investments, TISCO has developed funds that align with mega trends, such as healthcare and REITs. Meanwhile, TISCO Wealth has developed mobile applications, including TISCO My Funds for mutual fund clients, My PVD My TISCO for provident fund clients, and TISCO Guru Plus for brokerage clients with an aim to enhance customer experience and service accessibility. Finally, TISCO seeks to enhance staff quality by aiming to acquire Certified Financial Planners (CFP)

Wealth & Asset Management group provides 8 service types as follows:

3.1 Private Banking

TISCO Group provides comprehensive financial and investment advisory services across multiple asset classes with professional assistants for high net-worth clients with deposit and investment portfolios of more than 20 million baht.

3.2 Retail Deposit

TISCO Bank offers a variety of deposit products and related financial transaction services. In 2019, TISCO continued to offer TISCO My Savings, a savings account with a monthly interest payment at a maximum deposit rate of 2.00% p.a. The distinguishing features of TISCO My Savings are unlimited deposits, withdrawals, and transfers while customers can make transactions on the TISCO Mobile Banking application anytime, anywhere. TISCO My Savings has received positive feedback from customers, leading to it generating the highest growth in terms of numbers of accounts and deposit amount among TISCO's savings accounts.

3.3 Private Sales Brokerage

Private Sales Brokerage is operated by TISCO Securities Co., Ltd ("TISCO Securities") as member number two on the Stock Exchange of Thailand, offering brokerage services to retail clients through the head office in Bangkok, as well as the Thonglor Branch and four other branches upcountry, including Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, and Udon Thani. The Thai stock market in 2019 was highly volatile with a downward trend, which weighed on retail investors. In response, TISCO Securities developed a new value-added service, TISCO Guru Investment, a portfolio advisory with execution service. TISCO Guru Investment service also provides investment strategies, stock selection, and portfolio monitoring by TISCO's professional team. TISCO Guru Investment has received a very positive response from clients with over 6,600 million baht in investment. In addition, TISCO Securities provides a fund sales agent service with an open architecture approach, enabling customers to invest in various funds from leading asset management companies through a mobile application. TISCO Securities taps investment advisors' knowledge to offer the best services to customers, including fund information and asset allocation. Apart from domestic investment, TISCO Securities also provides international brokerage services through TISCO Global Trade. The service provides investment opportunities for customers seeking to invest in world-class companies in five leading markets: United States of America, United Kingdom, Japan, Hong Kong, and Singapore.

To broaden access to research for retail investors, TISCO Securities developed TISCO Guru Plus, a stock investment application in which investors can search for stocks according to their investment style and risk appetite with a model portfolio function. The application also provides real time research publications which the investor can be notified of as desired. The previous year, TISCO Securities switched its effective information channel from the Line application to Telegram which is an efficient and convenient channel to serve customers. TISCO Securities has continually promoted marketing activities which provide investment knowledge in Bangkok and key provinces to investors as well as our marketing staff to provide the best possible service for customers. In 2019, retail investor market share was 1.9%.

3.4 Institutional Brokerage

TISCO Securities Co., Ltd offers brokerage services to both local and foreign institutional investors through an experienced and professional team which specialize in comprehensive equity research and world-class investment strategy. TISCO Securities proactively carries out marketing activities by arranging meetings between representatives of leading corporations and global investors and by setting up financial seminars. Institutional client market share was 1.8%, comprised of 2.9% from local institution investors and 1.2% from foreign investors. TISCO Securities Co., Ltd signed an agreement to terminate the joint venture agreement for "Deutsche TISCO Investment Advisory Company Limited" on September 4, 2019. However, TISCO Securities Co., Ltd continues to provide brokerage services and equity research to all client segments as usual.

3.5 Asset Management

TISCO Asset Management Co., Ltd. operates provident funds, private funds, and mutual fund management as permitted under 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 establishment of provident funds and registrar and advisory services for provident fund committees. Fund investments cover multiple asset classes, including bonds, debentures, equities and ETFs, in line with consent from the respective provident fund committees. For 2019, TISCO Asset Management was trusted by 330 companies to manage provident funds, including PTT Global Chemical group and Microchip Technology (Thailand) Co., Ltd. Moreover, the mobile application "My PVD My TISCO" was developed to provide greater convenience for provident fund members by offering fund information, statement enquiry, as well as investment and retirement planning.

As of December 31, 2019, there were 119 provident funds accounted for with assets under management of 184,246.82 million baht, up 13.6% (YoY). TISCO Asset Management has been trusted by 4,542 companies and 680,965 members to manage provident funds. As of December 31, 2019, the market share of TISCO's provident fund business was 15.07%, holding first place in the overall market, based on net asset value.

- **Private funds**

TISCO Asset Management Co., Ltd provides private fund management services for individuals and legal entities. The services take into account client risk-return profile and include a wide range of investment alternatives, including equities, fixed income, and mutual funds. Clients receive reports which summarize fund performance on a regular basis.

As of December 31, 2019, there were 250 private funds accounted for with assets under management of 56,824.62 million baht, increased by 35.1% (YoY). The market share of TISCO's private fund business was 5.05%, ranked fifth in the overall market. For 2019, growth was seen in number of new clients, both individual and institutional, as well as from the Social Security Office, with investment amount reaching 12,000 million baht.

- **Mutual funds**

TISCO Asset Management Co., Ltd provides mutual fund management services for retail investors. Customer risk profile is analyzed to provide products suitable to investment objectives and risk tolerance. TISCO Asset Management Co., Ltd put more emphasis on effective investment management with first-hand fundamental research, risk management, as well as regular updates on the market and investment risk to the customer. TISCO Asset Management Co., Ltd. strategically offers various types of funds to suit customer needs. This was clearly reflected in the launch of new funds, including the Global Emerging Markets Fund, Global Technology Equity Fund, Global Infrastructure Equity Fund, US Financial Sector Fund and Trigger Fund. In 2019, TISCO Asset Management continued to focus on market timing when searching for investment opportunities. TISCO Asset Management launched 15 new mutual funds, comprising 3 trigger funds, 2 fixed income funds, 2 REITs, 4 domestic and global equity funds, and 4 mixed funds. In addition, TISCO Asset Management developed a mobile application, TISCO My Funds, that provides customers with greater convenience when doing transactions and allows customer to access investment news updates. This mobile application is seeing a growing positive response from customers since being launched the previous year.

As of December 31, 2019, there were 94 mutual funds accounted for, with assets under management amounting to 49,167.54 million baht. Mutual fund business held a market share of 0.9% and ranked 13th in the overall mutual fund market.

3.6 Mutual Fund Sales Agent

Mutual Fund Sales Agent is operated by TISCO Bank Co., Ltd and offers advice on mutual fund products and services via an Open Architecture platform. The platform allows clients to enjoy benefits from 12 asset management companies, 500 funds, including TISCO Asset Management, and our expertise in wealth advisory. TISCO helps customers maintain healthy return with a competitive choice of investments and robust asset allocation strategy.

3.7 Cash Management Services

The Bank's Cash Management Services include cash inflow and cash outflow management for corporate clients, which is aimed at increasing the operational efficiency and reducing operating costs for clients. Cash Management Services are across three business areas: TISCO Collection, TISCO Payment, and TISCO Liquidity Management. Additionally, TISCO E-Cash Management was introduced to facilitate business transactions and consolidated account information enquiries for customers.

3.8 Custodian Service

The Bank provides custodian services which range from the safekeeping of client assets and securities, payment and delivery, and fiduciary duties such as acting as custodian for provident funds, private funds, juristic persons, and individuals, including confirmation of net asset value for provident funds.

4. Corporate Affairs & CSR

Corporate Affairs & CSR aim to promote business operational efficiency while ensuring that business ethics and a strong sense of social responsibility are incorporated into corporate core values. Aiming for sustainable value creation for all stakeholders, TISCO has placed great emphasis on building a strong support 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 while subsidiary companies shall outsource all such activities back to the Company. These include, but are not limited to, the following functions:

- Enterprise Risk Management, Risk & Business Analytics, Corporate Accounting, Planning & Budgeting, Credit Control, Appraisal & Valuation
- Internal Audit, Corporate Compliance, Operational Risk Management, Legal Office, Credit Review, IT Risk Management
- Corporate Marketing & Communication, Economic Strategy Unit, Treasury & Investment
- Corporate Services, Corporate Sourcing & Vendor Management
- Human Resources Management, Human Resources Services

In addition, TISCO has a Treasury Department unit under the Bank, which is responsible for asset and liability management activities, including the procurement of funding sources from local and foreign financial institutions, and investing and trading of bonds in order to maximize return under the corporate guidelines and risk policy and in compliance with all related rules and regulations. The unit also manages liquidity in accordance with 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. Securities trading volume was small as TISCO Securities maintained its investment policy of long-term return rather than short-term trading gain and tends to be less active with securities trading when stock market conditions are unfavorable. TISCO Securities Co., Ltd only invests in securities which offer performance backed by strong fundamentals to minimize market risk.

2.1 Market and Competition

Commercial Banking Business

• Market

As of December 31, 2019, there were 30 commercial banks in Thailand's entire commercial banking system, comprising 19 domestically-registered commercial banks and 11 subsidiaries and branches of foreign banks. At the end of 2019, TISCO Bank ranked eleventh in asset size among the domestically-registered commercial banks with market shares of assets, deposits, and net loans of 1.6%, 1.7% and 1.9% respectively.

As of December 31, 2019, net loans of 19 domestically-registered commercial banks totaled 12,043,078 million baht, up by 2.1% (YoY), in line with growth of the domestic economy. At the end of 2019, the average MLR of the four largest banks was 6.01% per year. TISCO Bank's net loans totaled 228,084 million baht, increased by 1.4% (YoY),

while deposits totaled 13,191,094 million baht, up 3.9% (YoY). At the end of 2019, the average 3-month deposit interest rate of the four largest banks declined from 0.93% to 0.86%. Furthermore, the Bank of Thailand cut its policy rate (Overnight Repo) twice in 2019, from 1.75% to 1.25%, to shore up the economy.

Comparison of assets, deposits and net loans as of December 31, 2019

(Unit: Million baht)

Commercial Banks	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
1. Bangkok Bank Plc.	3,123,361	17.0	2,316,035	17.6	1,832,828	15.2
2. Siam Commercial Bank Plc.	2,952,447	16.1	2,156,489	16.3	1,995,248	16.6
3. Krung Thai Bank Plc.	2,908,358	15.8	2,158,460	16.4	1,879,541	15.6
4. Kasikorn Bank Plc.	2,724,055	14.8	2,065,669	15.7	1,826,520	15.2
5. Bank of Ayudhya Plc.	2,234,725	12.2	1,558,780	11.8	1,610,374	13.4
6. TMB Bank Plc.	1,045,343	5.7	663,559	5.0	646,194	5.4
7. Thanachart Bank Plc.	999,575	5.4	734,561	5.6	693,929	5.8
8. UOB Bank Plc.	566,212	3.1	456,411	3.5	404,342	3.4
9. CIMB Thai Bank Plc.	385,109	2.1	199,132	1.5	222,002	1.8
10. Kiatnakin Bank Plc.	299,216	1.6	172,661	1.3	230,062	1.9
11. TISCO Bank Plc.	285,288	1.6	218,433	1.7	228,084	1.9
12. Land & House Bank Plc.	230,548	1.3	165,018	1.3	151,569	1.3
13. ICBC (Thai) Plc.	215,797	1.2	129,823	1.0	110,246	0.9
14. Standard Charter Bank(Thai) Plc.	142,378	0.8	61,908	0.5	27,653	0.2
15. Sumitomo Mitsui Bank(Thai) Plc.	81,785	0.4	19,133	0.1	52,014	0.4
16. Bank of China(Thai) Plc.	69,996	0.4	47,088	0.4	46,462	0.4
17. The Thai Credit Retail Bank Plc.	56,635	0.3	47,325	0.4	48,204	0.4
18. ANZ Bank(Thai) Plc.	32,175	0.2	7,372	0.1	17,889	0.1
19. Mega International Commercial Bank Plc.	25,555	0.1	13,237	0.1	19,917	0.2
Total	18,378,558	100.0	13,191,094	100.0	12,043,078	100.0

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

• Competition

Regarding sector performance in 2019, the commercial bank industry recorded higher net profit vs. the previous year, driven by gain from investment sales at some commercial banks and an increase in net interest income, in line with loan expansion. Net interest margin was stable at 2.73%, supported by high-yield loan expansion. Total outstanding loans expanded by 2.00% (YoY) while NPL ratio rose to 2.98%, affected by deterioration in quality of SMEs, housing, and auto loans. Nevertheless, commercial banks had sufficient loan loss reserves to cushion against weak asset quality while capital funds remained solid.

In 2019, the banking industry underwent various uncertainties and macro challenges, including the domestic economy, regulations, and technological changes. The domestic economy in 2019 was highly volatile and marked by uncertainty due mainly to impact from the prolonged China-U.S. trade war and high level of household debt. Meanwhile, more stringent regulations, especially the macro prudential policy and market conduct guidance of the Bank of Thailand, coupled with preparation for Thailand Financial Reporting Standards (TFRS 9) in 2020 put some pressure on loan expansion and the operating performance of the banking business. In the wake of tremendous growth in banking transactions in digital channels, many banks have downsized their physical branches to cut operating costs and focused on investing and adopting new financial innovations to strengthen service abilities. Commercial banks are also carrying out digital transformations to cope with intensified competition from both incumbents and new market players from the technological sector. There were also a number of sizable merger and acquisition transactions in the banking industry in 2019, objectives of which included business restructuring, entry into new markets, and strengthening the competitive advantage of banks.

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

• Market

At the end of 2019, 44 companies held brokerage business licenses and 76 companies¹ held financial advisory service licenses granted by the Securities and Exchange Commission. At end-2019, the SET index closed at 1,579.84 points, increased by 15.96 points (1.0% YoY) from 1,563.88 points at the end of 2018. Meanwhile, average daily turnover was 52,468 million baht, declined by 7.0% from 2018. Derivatives market saw total trading volume increase by 0.1% to 104.5 million contracts from a year earlier. Average daily volume increased to 428,369 contracts per day, slightly improved from 426,213 contracts per day in 2018. In the primary market, there were 30 newly listed companies in the SET and MAI markets, 3 real estate investment trusts (REITs) and 1 infrastructure fund (IFF). Total offering size of newly listed securities was 90,838.73 million baht, up by 11.4% (YoY).

The capital market in 2019 was highly volatile throughout the year due to rising uncertainty from both internal and external factors. Likewise, the earnings of listed companies softened in line with the economy, resulting in weakened investor sentiment. Foreign investors were net sellers throughout 2019 with net selling value at 45,244.85 million baht, accounting for 41.9% of total market trading value. Meanwhile, the proportion of retail investors in total market trading value shrunk to 32.9% from 39.6% a year earlier amid change in investor behavior and the advent of high-speed algorithmic trading programs.

Table shows capital market conditions

	2019	2018	2017
SET index (points)	1,579.84	1,563.88	1,753.71
Market capitalization (million baht)	16,747,455	15,978,252	17,587,433
Trading turnover (million baht)	12,802,090	13,820,220	11,652,311
Average daily turnover (million baht)	52,467	56,409	47,755
Dividend yield (%)	3.14	3.22	2.70
Price to earnings ratio (times)	19.40	14.75	19.06
Number of listed companies on the SET	556	545	538
Derivative contract volume (contracts)	104,521,995	104,422,200	78,990,574

Source: The Stock Exchange of Thailand

• Competition

In 2019, brokerage market competition remained fierce as most market players adopted price cutting strategies. As a result, brokerage commission income continued to decline, especially from foreign investors which saw the lowest commission margin as most transactions were mainly from direct market access. As a result, some market players adopted revenue diversification strategies, tapping new sources of income, including proprietary trading, derivatives warrants, derivatives trading, margin loans and securities borrowing and lending, fund sales, and global equity market services to offset declining revenue from commission fees. Moreover, the trading service of brokerage firms has changed from Execution-only service to Portfolio Advisory with Execution service whereby the client receives advice about investment allocation or investment strategy in accordance with their goals and risk appetite.

TISCO Securities Co., Ltd has no policy for aggressive price cutting, focusing instead on serving fundamental investors rather than speculative investors by producing high quality research that serves both local and foreign institutional investors. Furthermore, TISCO Securities Co., Ltd provides investment advisory services as an alternative for investors. As of December 31, 2019, the market share of TISCO Securities Co., Ltd (excluding proprietary trading) was 2.1%.

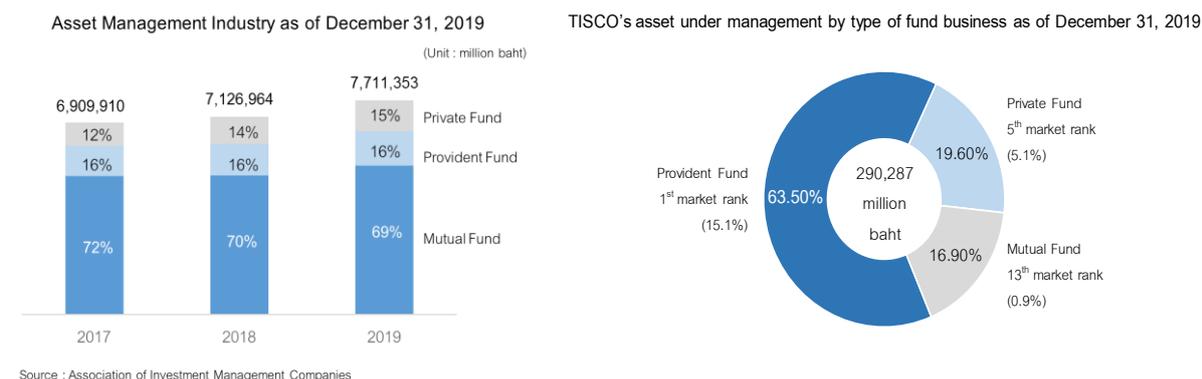
For the investment banking market, market competition is intense as there are numerous market players while market demand is limited. The players compete on price and quality of services. In response, TISCO Securities focuses on quality of team, experience, and expertise in financial advisory as well as long-term relationships with customers.

¹ Source: www.sec.or.th

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. As of December 31, 2019, the assets under management of the asset management market totaled 7,711,353 million baht, increased by 8.2% (YoY). Furthermore, provident funds totaled 1,222,250 million baht, increased by 8.3% (YoY) while private funds totaled 1,124,581 million baht, increased by 13.7% (YoY). Mutual funds totaled 5,364,522 million baht, increased by 7.1% (YoY). TISCO Asset Management's market share in provident funds, private funds, and mutual funds is 15.1%, 5.1%, and 0.9%, respectively.



• Competition

In 2019, overall performance of the provident fund business grew steadily despite intense market competition, especially from the top market share asset management companies which carried out aggressive marketing campaigns highlighting attractive prices, greater variety of funds, and fund performance to attract customers. Moreover, most of the asset management companies developed mobile applications which enable customers to change investment policies while also serving as a channel to provide specific investment advice for individual customers. Nevertheless, TISCO Asset Management Co., Ltd won Best Provident Fund Provider Thailand 2019 for the second consecutive year from Global Banking and Finance Review, one of the world's leading financial magazines, reflecting its excellent fund performance and high customer service standards.

In the private fund business, industry growth remained high, driven by fund inflow from institutional clients due to the low interest rates. TISCO Asset Management avoided competition in this segment because of the intense price competition, focusing instead on individual clients. While institutional clients largely tend to reward competitive prices, individual client preferences differ in terms of higher risk tolerance and higher return expectation, consideration of organizations' creditability, investment advisory services, as well as fund management team. In 2019, TISCO's private funds grew 35% (YoY) driven by both new and existing customers.

TISCO's mutual fund businesses have continually grown with assets under management as of 2019 at 49,168 million baht, increased by 10% (YoY) compared with industry growth of 7% (YoY). Mixed funds, which invest in multiple asset classes, exhibited particularly strong growth. With concern over the global economy slowing and risk relating to trade war easing, investors invested in mixed funds which have moderate risk and offer higher risk-adjusted return than fixed income funds given the low market interest rate and the fact that gains from investment in fixed income funds are subject to withholding tax for the first year. As such, Thai and foreign equity funds slightly contracted, especially foreign equity funds. However, TISCO's Thai equity funds outperformed the SET index amid high market volatility.

In terms of fund performance, the TISCO Income Plus fund exhibited the highest Asset under Management (AUM) growth. Presently, the AUM of the TISCO Income Plus fund is over 6,000 million baht with excellent risk-adjusted return. In addition, the TISCO Income Plus fund is rated 5 stars by Morningstar Rating. Meanwhile, the TISCO Strategic Fund achieved top Thai equity fund performance in 2019, with the strongest three-year and five-year returns, while TISCO Asset Management was awarded Best Equity RMF 2019 from Morningstar, reflecting its expertise in fund management and consistently strong performance.

Indeed, TISCO Asset Management has gained wide recognition for outstanding fund performance and excellent fund management. In 2019, TISCO Asset Management received numerous awards from the capital market business authorities and international organizations. These included “Best Asset Management Company Thailand 2019” by International Finance Publications, one of the leading global financial magazines, and “Outstanding Asset Management Company Award 2019” at the SET Awards 2019 organized by the Stock Exchange of Thailand and Banking and Finance magazine. For its social responsibility efforts, TISCO Asset Management Co., Ltd received “Best of the Best Award 2019” from Asia Asset Management, a leading investment magazine in Asia.

2.2 Arrangement of Products or Services

Sources of Funds

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

(Unit: Million baht)

Sources of Fund	2019	2018	2017
Deposits ¹	216,121.47	198,985.23	188,280.76
Interbank and Money Market Items	4,656.13	4,374.67	4,017.51
Debentures	24,980.00	49,680.00	63,601.70
Other Liabilities	13,350.38	11,675.28	12,756.67
Total Sources of Funds from Liabilities	259,107.98	264,715.18	268,656.64
Capital	39,196.11	37,829.45	34,731.76
Total Sources of Funds	298,304.09	302,544.63	303,388.41

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. For each new credit approval, the Bank thoroughly considers the borrower’s business potential, opportunities, ability to repay, collateral, and the rate of return that justifies the risk of each borrower. TISCO Group focuses on expanding its business into markets with acceptable risk/return and in which it has sufficient expertise. TISCO Group performs analysis of key risk characteristics prior to entering new markets.

Collateral policies vary, depending on the type of credit, and 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 judged 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 prudent procedures for all credit approvals to ensure high credit quality while maintaining customer satisfaction. Approved credit is reviewed and controlled in compliance with overall credit policies.

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

¹ Total deposits including short-term borrowings

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 which includes a credit-scoring system developed from an internal database to effectively control and shorten the loan approval process.

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

For mortgage loans, approved credit does not exceed 90% of the collateral value with terms and conditions varying with the type of collateral. Meanwhile 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.

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

For the retail credit portfolio which covers small transaction sizes, the credit approval process and delegation of authority varies according to the level of credit limit and is controlled by the 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 the hire purchase business, TISCO has implemented a credit-scoring system to assist the loan approval process, in which customer characteristics and loan terms and conditions are taken into consideration for computation of a credit score.

- **Credit Risk Management**

The Risk Management Committee of TISCO Group, 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 in compliance with the Consolidated Supervision principle of the Bank of Thailand. Meanwhile, the Credit Committee and Chief Credit Officer, who are in charge of the loan approval processes of each credit transaction, have 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 to set up appropriate provisions for potential loan losses.

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 for credit risk assessment in both corporate and retail credit portfolios, in accordance with the implementation of the Internal Ratings Based approach (IRB), resulting in greater efficiency in capital utilization in the long term.

To mitigate credit concentration risk, TISCO Group has set 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's exposure to equity investment. TISCO Group complies with the regulations of the 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 promptly follows up on accounts with potential problems 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. As part of the follow-up procedure, the credit officer reports to the Problem Loan Committee all restructured 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 the economic conditions and related laws and regulations, particularly with regard to notification from the Office of Consumer Protection. The primary 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 have been affected by economic downturns or the borrower's financial difficulties. TISCO Group's procedures for debt restructuring involve various methods, such as relaxing of payment conditions, debt-to-asset conversion, debt-to-financial-instrument conversion, and debt-to-equity conversion.

Debt restructuring can be conducted with every type of borrower, defaulted and 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 environment 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 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 for, and recalculated for impairment loss.

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. The Bank of Thailand's current capital adequacy ratio for banks registered in Thailand is 11.0%, whereas Tier-I Capital must be maintained at a level equal to at least 8.5% of risk assets.

The capital base of the Group remains strong with the Capital Adequacy Ratio exceeding the requirements of the BOT and sufficient to support forthcoming regulations concerning debt reclassification and provisions.

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 mismatch, funding concentration, and daily deposit/withdrawal levels. Furthermore, a liquidity contingency plan has been established for outlining clear procedures and responsibilities for liquidity management in times of crisis.

Meanwhile, the Treasury function is responsible for daily liquidity management and securing of 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.

Asset Classification, Provisions and Write-offs

The Group defines asset classifications in accordance with the Bank of Thailand's guidance on worthless or irrecoverable assets and doubtful assets that may be worthless or irrecoverable as shown in the financial statement for 2019. Details are provided 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, in accordance with 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 in repayment or those 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-owed 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.

Our asset classification policies are presented in item: 14.3 of Part 3 Section 14: Non-Performing Loans (NPLs) and Loan Loss Provision

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

Sources of fund

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

Credit approval and authorization

TISCO Securities Co., Ltd. has a credit approval policy to screen qualified customers and provide customers with a solid understanding of securities trading. Credit lines for particular customers are based on the customer's financial status and collateral. The Executive Board 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 to approve general credit lines which comply with the Credit Committee's guidelines and policy.

Margin trading accounts

All clients of securities brokerages are cash accounts.

Investment Policy

For listed equity, TISCO Securities Co., Ltd. has a policy to invest in businesses with strong fundamentals, taking into consideration liquidity, risk and return on securities, and the diversification of its portfolio. As for non-listed equities, 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 short-term and long-term investments, depending on their investment policy and fund performance. Moreover, the company has a policy to invest in derivative instruments to earn trading gains and for risk management purposes depending on the investment climate in the stock market.

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

Capital Adequacy Ability

The Net Capital Rule (NCR) ratio of TISCO Securities Co., Ltd. as of December 31, 2019 is 67.21%, 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. Independent risk oversight and check-and-balance system have been established 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 Functions are 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 Oversight Committee as well as 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. The Risk Oversight Committee is set up to advise the Board of Directors on risk governance framework to ensure

that top management and heads of risk management functions follow the risk management policy, strategies, and risk appetites, as well as to ensure that capital and liquidity management strategies are consistent with the risk appetites. The Risk Oversight Committee also reviews the sufficiency and effectiveness of overall risk management policy and strategies, and reports risk exposures, effectiveness of risk management system and risk governance culture of the organization, as well as any significant factors or required improvement to the Board of Directors, and advises or participates in evaluation of heads of risk management functions. Moreover, the Risk Management Committee, supported by enterprise risk management, risk and business analytics, IT risk management, and operational risk management functions, is 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 credit control 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, where risk limits triggered as well as new businesses shall be reported monthly to the Risk Management Committee for acknowledgement. Additionally, the Risk Oversight Committee shall review the sufficiency and effectiveness of overall risk management policy and strategies, and reports risk exposures, effectiveness of risk management system and risk governance culture of the organization, as well as any significant factors or required improvement to the Board of Directors, and advises or participates in evaluation of heads of risk management functions. 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.

In the present, Information Technology (IT) is involved as integral part of business to serve business needs and being customer channels to access information and services as known as Financial Technology (FinTech), in addition to several laws and regulations which have been announced for IT good governance. TISCO Group set up IT Risk Management function to manage in-depth and transaction-level of IT risks and to support the Risk Oversight Committee as well as the Risk Management Committee regarding to IT risk as integral part of operational risk and IT Risk Committee in specific-area risk authorities.

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 Oversight Committee

The Risk Oversight Committee is set up to advise the Board of Directors on risk governance framework to ensure that top management and heads of risk management functions follow the Board of Directors' approved risk management policy, strategies, and risk appetites, as well as to ensure that capital and liquidity management strategies are consistent with the approved risk appetites. Moreover, the Risk Oversight Committee has

responsibilities on reviewing sufficiency and effectiveness of overall risk management policy and strategies as well as risk appetites, at least once a year or when there is significant change. The Committee also reports on risk exposures, effectiveness of risk management system and risk governance culture of the organization, as well as any significant factors or required improvement to the Board of Directors, and advises or participates in evaluation of heads of risk management functions.

- Risk Management Committee

The Risk Management Committee of the company, comprising the senior managements from the TISCO Group, has been appointed by the Group CEO 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, operational risk management, and IT 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.

- 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 credit control 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, 2019, NPL ratio of TISCO Group decreased from 2.86% at the end of 2018 to 2.40% at the end of 2019, mainly resulting from completion of the revision of payment hierarchy system, together with write-off of some loan portfolio as preparation before applying the new Thai Financial Reporting Standard No. 9 (IFRS 9). 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 decreased from 3.51% at the end of 2018 to 2.84% at the end of 2019, where NPL ratio of corporate loan increased to 0.71%. Total NPLs was 5,834.49 million baht which decreased by 15.1% or 1,041.72 million baht. NPLs of the Bank was 5,291.79 million baht, where NPLs of other subsidiaries amounted 542.70 million baht.

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. TISCO Group has utilized portion of general reserve to compensate the potential losses in the

future. Meanwhile, as of December 31, 2019, loan loss reserve of TISCO Group was 10,716.71 million baht, or 183.7% of NPLs. Total loan loss reserve of the Bank was 10,081.46 million baht or accounted for 225.7% of loan loss reserve required by the Bank of Thailand, 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, 2019, hire purchase and corporate loans represented 56.8% and 15.1% of the total credit portfolio, respectively. The hire purchase portfolio, of which concentration was very low, had 138,126.90 million baht of loan outstanding. Top-10 borrower exposure of hire purchase portfolio stood at 58.68 million baht or 0.04% of the total hire purchase portfolio, or equal to 0.02% of the total credit portfolio.

For the corporate loan portfolio, it was diversified into four different sectors: manufacturing and commerce, 2,630.54 million baht; real estate and construction, 14,674.57 million baht; and public utilities and services, 19,388.66 million baht. Lending to the above industrial sectors represented 7.2%, 40.0%, and 52.8% of the total corporate loan portfolio, and represented 1.1%, 6.0%, and 8.0% of the total credit portfolio, respectively. As top-10 borrower exposure stood at 32,226.43 million baht or accounting for 13.3% of the total credit portfolio, there is slight concentration in public utilities and services as well as real estate and construction sector which have been managed under risk management procedure. Moreover, corporate loan portfolio is 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, 2019, lending portfolio of TISCO Group came mostly from TISCO Bank whereby 74.4% 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-value collateral, 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 regulations of the Bank of Thailand. The proportion of collateral value used in deducting the provisioning requirements for NPLs was 81.1% 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, 2019 were worth 18.43 million baht, or 0.01% of total assets. Allowances for impairment stood at 1.5% 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. In addition, the Risk Oversight Committee shall advise the Board of Directors on risk governance framework to ensure that top management and heads of risk management functions follow the Board of Directors' approved risk management policy, strategies, and risk appetites, while reviewing sufficiency and effectiveness of overall risk management policy and strategies. The Risk Oversight Committee shall also report on risk exposures, effectiveness of risk management system and risk governance culture of the organization, as well as any significant factors or required improvement to the Board of Directors, and advises or participates in evaluation of heads of risk management functions.

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, 2019, the value of liquid assets is 55,547.79 million baht, which comprised of cash at 1,102.56 million baht compared to 1,191.80 million baht in December 31, 2018, net transactions with interbank and money market at 45,300.14 million baht compared to 54,071.39 million baht as of December 31, 2018 and net current investment at 9,145.77 million baht compared to 8,792.84 million baht as of December 31, 2018.

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 51,506.32 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, 2019, the Bank reported deposit 216,084.55 million baht, the outstanding long-term debentures (both subordinated and unsubordinated) of 6,680.00 million baht and short-term debentures of 18,300.00 million baht, and bill of exchange amounted to 36.92 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. In addition, the Risk Oversight Committee shall advise the Board of Directors on risk governance framework to ensure that top management and heads of risk management functions follow the Board of Directors' approved risk management policy, strategies, and risk appetites.

Key funding risk policies involve the management of cash flow maturity profiles, funding concentration, liquidity coverage ratio, net stable funding ratio, and liquidity 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 with liquidity stress testing, 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, 2019, the equity portfolio stood at 1,366.00 million baht, of which 252.90 million baht was listed equity, 59.01 million baht was unit trust, 836.83 million baht was ETF in current market value, and 217.26 million baht was non-listed equity in book value.

TISCO Group has unrealized loss from the difference between fair value of securities as of December 31, 2019 and unrealized gain(loss) of securities according to the accounting standard of security foreclosure were 14.26 million baht.

(1) Listed Equity Risk and ETF

TISCO Group exposed to price risk from market price volatilities of listed equity, unit trust and ETF investment. Investment portfolio in available-for-sale book stood at 1,148.73 million baht in which profit and loss will be realized when sale, however, a change in its value would impact the equity through unrealized gains or losses. As of December 31, 2019, unrealized loss from available-for-sale investments equaled 14.26 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, 2019, was 184.00 million baht, decreased from 206.52 million baht as of December 31, 2018 mainly resulted from decreasing of risk volatility due to diversification effect. 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 217.26 million baht, decreased from 219.51 million baht from the end of 2018 from price revaluation. 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, 2019, 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	121,864.93	61,457.96	43,620.46	76,243.72	303,187.07
Liabilities	(81,068.12)	(155,013.90)	(686.21)	(9,021.47)	(245,789.70)
Net Gap	40,796.82	(93,555.95)	42,934.25	67,222.25	57,397.37

Under the change of interest rate within 1 year, TISCO Group had liabilities over assets within 2-12 month stand at 93,555.95 million baht. Considering the interest rates outlook of gradually increase 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, 2019 stood at 7,996.36 million baht, increased from 7,652.00 million baht at the end of 2018. Average duration of the bond portfolio was 0.19 year, decreased from 0.30 year from the end of 2018. Meanwhile, average duration of the debenture portfolio was 0.44 years, decreasing from 1.39 years from the end of 2018. However, Fixed-income risk was under acceptable risk and also meets the purpose of maintaining liquidity reserves according to the Bank of Thailand's 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. In addition, the Risk Oversight Committee shall advise the Board of Directors on risk governance, review sufficiency and effectiveness of overall risk management policy and strategies.

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 puts 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. IT Risk Management function performs IT risk analysis and provides proper recommendation to all IT and business functions for appropriate IT control level as well as IT compliance. 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.

In year 2019, TISCO Group has expanded new digitalized service channels to customers and new business products; 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 launching. As a result of business expansion in year 2019 as well as the increasing trend of complex fraudulent behavior in current environment, addition to the effective implementation of fraud risk management process for proper determining fraud response plan to mitigate risks to contain in the acceptable level. In 2019, TISCO has planned to enhance the capacity of Transaction Fraud Monitoring System. The system shall be capable to detect the irregularities in order to have further prudent investigation on the appropriateness of transactional execution and minimize the possible losses incurred either to customers or TISCO.

Pursuant to the ongoing 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. In the process of operational risk assessment, the key operational risk would be identified together with the assessment on the control effectiveness. The remedial action plan as well as the Key Risk Indicators would be subsequently determined in order to mitigate the revealed residual risks or prevent the incurrence of possible risks for properly mitigating risks for properly containing them within the acceptable risk level appropriate to each business (Risk Appetite). The result of the risk assessment in corporate level would be reported to the Risk Oversight Committee, the Risk Management Committee and the Audit Committee for acknowledgement. Due to the information technology places importance in business operations of TISCO Group as well as the expansion of digitalized service channels, these resulted to the dramatically increasing of IT risk including but not limited to the cyber threats, in 2019, under the consolidation supervision of TISCO Group, IT Risk Management function was set up to be responsible for supervising and governing IT risk. Additionally, the new function also has duty to assess the appropriateness and efficiency of control measures over related to IT risk, follow IT risk through IT KRI for properly mitigating risks and containing them within the acceptable risk level and to determine the appropriate IT risk management. In addition, the specific committee, namely IT Risk Committee has also set up with an aim to govern the efficiency of IT risk management of TISCO Group.

In regard to the incident management process which treated as an integral part of operational risk management, 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. In addition, the TISCO has formulated the guideline and authority delegation for considering and approving the compensation made to the customers in order to have the standardized practice and fair to affected customers. The overall results of the incident incurrence within TISCO Group as well as the notable operational incidents as well as the summarized report of compensation made to customers would be reported to the relevant committees for acknowledgement and determination remedial actions as deemed appropriate. With respect to the complaint handling and management process, TISCO arranged various channels for accepting complaints and determined the measures for handling and resolving complaints cases within determined timeframe. The complaint cases shall be analyzed and summarized the results to report to the relevant managements for considering improving the effectiveness of operational processes as deemed appropriate. In year 2019, TISCO has planned to enhance the efficiency of the process of accepting and handling customer complaint.

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 an 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.

Given the current situation, cyber threats are a growing potential risk that could cause damage to the organization's business operations either in the form of monetary effects or corporate reputation or any other forms. TISCO are well aware of the impact of such threats and proactively prepares the preventive measures and proper response plan in the event of such impacts incurred. To raise awareness and perception of all employees,

the enhancement of the understanding on cyber threats is regularly conducted through organizational training, posting on various office places including the announcement of information on the corporate website with an aim to avoid or reduce the possibility of being affected by cyber threats. Additionally, the study on the potential cyber-crime attack, monitoring and assessment on possible IT risks and cyber threats are regularly conducted in order to effectively improve the quality of risk management, appropriately harden the security and prepare for preventive measures and establish response plan including the communication plan both for internal and external parties. In 2019, TISCO has arranged the cyber drill by simulating the testing scenario for both technical and business session. The participations of the drill comprised of top managements, head of relevant functions including the function responsible for corporate communication and all customer touch point functions, IT staff and Incident Response Team in order to make all relevant functions gain thorough understanding and perceive their roles and responsibilities in responding the cyber-attack whenever the event incurred.

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, 2019, as TISCO Bank's capital requirement based on Basel III Internal Rating Based Approach (IRB), the regulatory capital adequacy ratio (BIS ratio) stood at 22.10% remaining higher than the 11% required by the Bank of Thailand. The Tier-I and Tier-II adequacy ratio stood at 17.37% and 4.73%, respectively, in which Tier-I adequacy ratio also remained higher than the minimum requirement at 8.5%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 67.21%, 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 15,624.46 million baht, accounting for 40.5% of total projected capital base under Basel III - IRB of 38,562.00 million baht. In addition, capital surplus for future risks and business expansion stood at 22,937.54 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 2019, net profit of TISCO Bank and other subsidiaries was 6,995.63 million baht, where 1,791.85 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 30.1% 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, 2018 and 2019 are as follows: These assets are free from any obligations.

(Unit: Million baht)

List	Type of Property Right	Contingent Liability	Value	
			2019	2018
Land				
Cost	owner	none	17.51	17.51
Office condominium and building improvements				
Cost	owner	none	800.46	746.84
Revaluation	owner	none	2,488.78	2,477.10
Furniture fixtures computer and equipment				
Cost	owner	none	1,215.00	1,183.60
Motor vehicles				
Cost	owner	none	174.08	164.31
Total			4,695.83	4,589.35
<u>Less</u> Accumulated Depreciation			(1,711.68)	(1,597.12)
Land, premises, and equipment – Net			2,984.15	2,992.23

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 - 15 years. As at December 31, 2018 and 2019, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million baht)

Types	Maturity	As at December 31,	
		2019	2018
Lease office building and branch office	Within 1 year	186	192
	Over 1-5 years	228	281
	Over 5 years	47	56
Total		461	529

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.	3,780.39
TISCO Tower Office	TISCO Information Technology Co., Ltd.	TISCO Financial Group Plc.	464.03
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	TISCO Insurance Solution Co., Ltd.	TISCO Financial Group Plc.	948.91

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, 2019 are shown below:

(Unit: Million baht)

Classification	Loans and receivables	Investments in securities	Property foreclosed	Investment in receivable	Total	%
Pass	258,452	-	-	-	258,452	92.3
Special mention	16,222	-	-	-	16,222	5.8
Substandard	2,927	-	-	-	2,927	1.0
Doubtful	1,409	-	-	-	1,409	0.5
Bad debts	955	42	12	-	1,009	0.4
Total	279,965	42	12	-	280,019	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

Interest on loans is recognized as income on an accrual basis and is based on principal outstanding. Hire purchase, finance lease and loan against auto license income are recognized over the installment period, using the effective interest rate.

The subsidiary recognises interest on credit card receivables relating to overdue credit card installments from the positing date and interest on credit card receivables arising from cash advances from the date of the cash withdrawals. Interest on credit card receivables paid in installments is recognized on an accrual basis.

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 recognized 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.

4.3 Investment in Securities

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

Securities Investment Policy

Securities investment policy is described in Part 1 Section 2: Business Operations by Area, item 2.3

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 is 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 item 3.5 Investment in subsidiaries and joint venture

The subsidiaries and joint venture 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 As of December 31, 2019	Cost Method As of December 31, 2019
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.	600	773
TISCO Information Technology Co., Ltd.	20	22
TISCO Insurance Solution Co., Ltd.	100	137
Primus Leasing Co., Ltd. ^{/1}	3	33 ^{/2}
TISCO Learning Center Co., Ltd.	5	5
All-ways Co., Ltd.	200	200
TISCO Tokyo Leasing Co., Ltd. ^{/3}	60	73
Investment in subsidiaries and joint venture company - net		20,069

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

^{/2} Deducted impairment in investment

^{/3} Joint venture Company

5. Legal Disputes

As of December 31, 2019, the Company and its subsidiary companies had 28 unresolved cases from its regular business operations, all of them are cases caused by banking business operation (TISCO Bank Plc.) and asset management business (TISCO Asset Management Co., Ltd.) involving an estimated total amount 314.28 million baht, which was less than 5% of its shareholders' equity, consisting of:

(1) 26 cases that TISCO Bank being sued (estimated total amount of 312.87 million baht), there were 12 cases involving total amount of 3.24 million baht which were in the tribunal process and not yet reach judgment. Furthermore, there were 10 cases, with a total value of 308.41 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 there were 4 cases, with a total value of 1.22 million baht that already reach judgment, however, TISCO Bank still appealed to the Appeal Court.

(2) 2 cases that TISCO Asset Management Co., Ltd. being sued (estimated total amount of 1.41 million baht) 1 case was in the tribunal process was not reach judgment (estimated total amount of 0.77 million baht) and 1 case was appealed to the Appeal Court by TISCO Asset (estimated total amount of 0.64 million baht).

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 person of the Company or its subsidiary companies.

6. General Information

6.1 General Information

Company Name	:	TISCO Financial Group Public Company Limited
Symbol	:	TISCO
Type of Business	:	Holding Company
Address	:	21 st Fl., TISCO Tower, 48/49 North Sathorn Road, Silom, Bangrak, Bangkok 10500
Registration Number	:	0107551000223
Total registered capital	:	Baht 8,007,032,950 (Eight thousand and seven million, thirty two thousand and nine hundred and fifty Baht)
Paid-up Capital	:	Baht 8,006,554,830 (Eight thousand and six million, five hundred and fifty-four thousand and eight hundred and thirty Baht) comprising of 800,645,624 common shares and 9,859 preferred shares, both with par value of 10 baht per share
Home Page	:	www.tisco.co.th
Telephone	:	(66) 2633 6000
Fax	:	(66) 2633 6800
Reference:		
Share Registrar	:	Thailand Securities Depository Co., Ltd. 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. (66) 2009 9000 Fax (66) 2009 9991 SET Contact Center: (66) 2009 9999 Email: SETContactCenter@set.or.th Website : www.set.or.th/tsd
Auditor	:	Ms. Somjai Khunapasut CPA License No. 4499 EY Office Limited 33 rd Fl., Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. (66) 2264 0777 Fax. (66) 2264 0789-90

6.2 Other Important Information

None

Part 2

Management and Corporate Governance

7. Securities and Shareholders Information

7.1 Registered and Paid-up capital

(1) Registered and paid-up capital as of December 31, 2019 comprising of :

Registered capital : Baht 8,007,032,950

(Eight billion seven million thirty-two thousand and nine hundred and fifty Baht)

Paid-up capital : Baht 8,006,554,830

(Eight billion six million five hundred and fifty four thousand eight hundred and thirty Baht) comprised of

800,645,624 common shares (Eight hundred million six hundred forty five thousand six hundred and twenty-four shares) and

9,859 preferred shares (Nine thousand eight hundred and fifty nine 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 January 8, 2020, 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 96,555,815 shares, or 12.06% of paid-up capital, consisting of 96,548,515 common shares and 7,300 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 Stock Exchange of Thailand (www.set.or.th).

7.2 Shareholders

(1) The Company's Major Shareholders

The top 10 major shareholders whose names appeared in the share registration book as of January 8, 2020, are as follows.

No.	Shareholders	Outstanding stock			
		Common Stock	Preferred Stock	Total Stock	Percentage
1	THAI NVDR CO., LTD.	96,548,515	7,300	96,555,815	12.06
2	CDIB & PARTNERS INVESTMENT HOLDING PTE.LTD.	80,065,320	-	80,065,320	10.00
3	STATE STREET EUROPE LIMITED	53,979,130	-	53,979,130	6.74
4	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	48,338,805	-	48,338,805	6.04
5	TOKYO CENTURY CORPORATION	39,482,767	-	39,482,767	4.93
6	KRUNGSRI DIVIDEND STOCK LTF	24,649,500	-	24,649,500	3.08
7	BNY MELLON NOMINEES LIMITED	16,402,986	-	16,402,986	2.05
8	SOCIAL SECURITY FUND	14,862,530	-	14,862,530	1.86
9	KRUNGSRI DIVIDEND STOCK FUND	13,308,650	-	13,308,650	1.66
10	MR. PRASERT VIRASATHIENPORNKUL	12,277,100	-	12,277,100	1.53
TOTAL SHAREHOLDING OF TOP 10 MAJOR SHAREHOLDERS		399,915,303	7,300	399,922,603	49.95
OTHER SHAREHOLDERS		400,730,321	2,559	400,732,880	50.05
GRAND TOTAL		800,645,624	9,859	800,655,483	100.00

Remarks:

- State Street Europe Limited and South East Asia UK (Type C) Nominees Limited are Global Custodians, keeping securities for customers who are end beneficiaries. No customer holds more than 5%.
- 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 is 33.6% owned by China Development Industrial Bank (Taiwan) who holds 100% by China Development Financial Holding Corporation (Taiwan), listed company in Taiwan Stock Exchange.

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

Details of TISCO Bank Public Company Limited which Subsidiary Company operated as Core Company of the Group

(2.1) Registered and paid-up capital as of December 31, 2019 comprising of:

Registered capital : Baht 9,215,676,920

(Nine billion two hundred fifteen million six hundred seventy six thousand nine hundred and twenty Baht)

Paid-up capital : Baht 9,215,676,920

(Nine billion two hundred fifteen million six hundred seventy six thousand nine hundred and twenty Baht) comprised of

921,567,588 common shares (Nine hundred twenty one million five hundred sixty seven thousand five hundred and eighty eight common shares) and

104 preferred shares (One hundred and four preferred shares)

at par value of 10.00 Baht per share.

(2.2) Major Shareholders of the Company

The top 10 major shareholders of TISCO Bank Public Company Limited, whose names appeared in the share registration book as December 27, 2019, were as follow.

No.	Shareholders	Outstanding stock			
		Common Stock	Preferred Stock	Total Stock	Percentage
1	TISCO Financial Group Public Company Limited	921,452,629	-	921,452,629	99.99
2	Mr. Kittichai Kraikorkit	30,247	-	30,247	0.00
3	Ms. Pomsuk 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 TOP 10 MAJOR SHAREHOLDERS		921,522,400	-	921,522,400	100.00
OTHER SHAREHOLDERS		45,188	104	45,292	0.00
GRAND TOTAL		921,567,588	104	921,567,692	100.00

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

As of December 31, 2019, TISCO Financial Group Public Company Limited has unsubordinated, unsecured, without bond holders' representation short-term debenture with interest rate of 1.50%-1.85% per annum. The total outstanding debenture was at 6,300 million baht.

Subsidiary and Affiliate Companies

As of December 31, 2019 TISCO Bank Plc. has subordinated and unsubordinated debentures with total outstanding of 18,680 million baht. The details are provided as follows:

Name	Coupon Rate per annum (percentage)	Tenor (year)	Maturity Date	Issue Size (million baht)	Payment Date
1. The Debenture of TISCO Bank Plc. No. 3/2018 Tranche 1 Due 2020 (TISCO204A) Issuing Date: April 9, 2018 TRIS Issue Rating: "A"	1.65	2	April 9, 2020	4,000	Twice a year
2. The Debenture of TISCO Bank Plc. No. 4/2018 Tranche 1 Due 2020 (TISCO205B) Issuing Date: May 21, 2018 TRIS Issue Rating: "A"	1.75	2	May 21, 2020	6,000	Twice a year
3. The Debenture of TISCO Bank Plc. No. 5/2018 Tranche 1 Due 2020 (TISCO208B) Issuing Date: August 10, 2018 TRIS Issue Rating: "A"	2.05	2	August 10, 2020	2,000	Twice a year
4. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 1/2015 Due 2025 (TISCO256A) 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 Issuing Date: June 5, 2015	4.50	10	June 5, 2025	1,000	4 times a year

Name	Coupon Rate per annum (percentage)	Tenor (year)	Maturity Date	Issue Size (million baht)	Payment Date
5. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 2/2015 Due 2025 (TISCO25DA) 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 Issuing Date: December 17, 2015	4.25	10	December 17, 2025	1,000	4 times a year
6. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 1/2016 Due 2026 (TISCO268A) 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 Issuing Date: August 10, 2016	3.875	10	August 10, 2026	680	4 times a year
7. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 1/2017 Due 2027 (TISCO272A) 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 Issuing Date: February 23, 2017	4.00	10	February 23, 2027	1,000	4 times a year
8. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 2/2017 Due 2027 (TISCO27NA) 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 Issuing Date: November 15, 2017	3.70	10	November 15, 2027	600	4 times a year
9. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 1/2019 Due 2029 (TISCO292A) 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 Issuing Date: February 1, 2019	4.00	10	February 1, 2029	1,200	4 times a year
10. Subordinate Instruments intended to qualify as Tier 2 Capital of TISCO Bank Plc. No. 2/2019 Due 2029 (TISCO292B) 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 Issuing Date: February 22, 2019	4.00	10	February 22, 2029	1,200	4 times a year

Subsidiary Companies

As of December 31, 2019, TISCO Bank had outstanding short-term bills of exchange totaled 36.92 million baht with 2.50% coupon rate, all in forms of callable bill of exchange.

As of December 31, 2019, Hi-Way Company Limited had outstanding short-term bill of exchange totaled 2,210 million baht with 2.00% coupon rate, all in forms of callable bill of exchange.

Affiliate Companies

As of December 31, 2019, TISCO Tokyo Leasing had outstanding subordinated and unsubordinated debentures issued and offered totaled 1,500 million baht, guaranteed by Century Tokyo Leasing Corporation which is the company established under Japanese law.

Name	Coupon Rate per annum (percentage)	Tenor (year)	Maturity Date	Issue Size (million baht)	Payment Date
Guaranteed debenture of TISCO Tokyo Leasing Co., Ltd. No. 1/2017 with maturity date in 2020 TRIS Issue Rating: "AAA"	2.20	3	July 27, 2020	1,500	Twice a year

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.

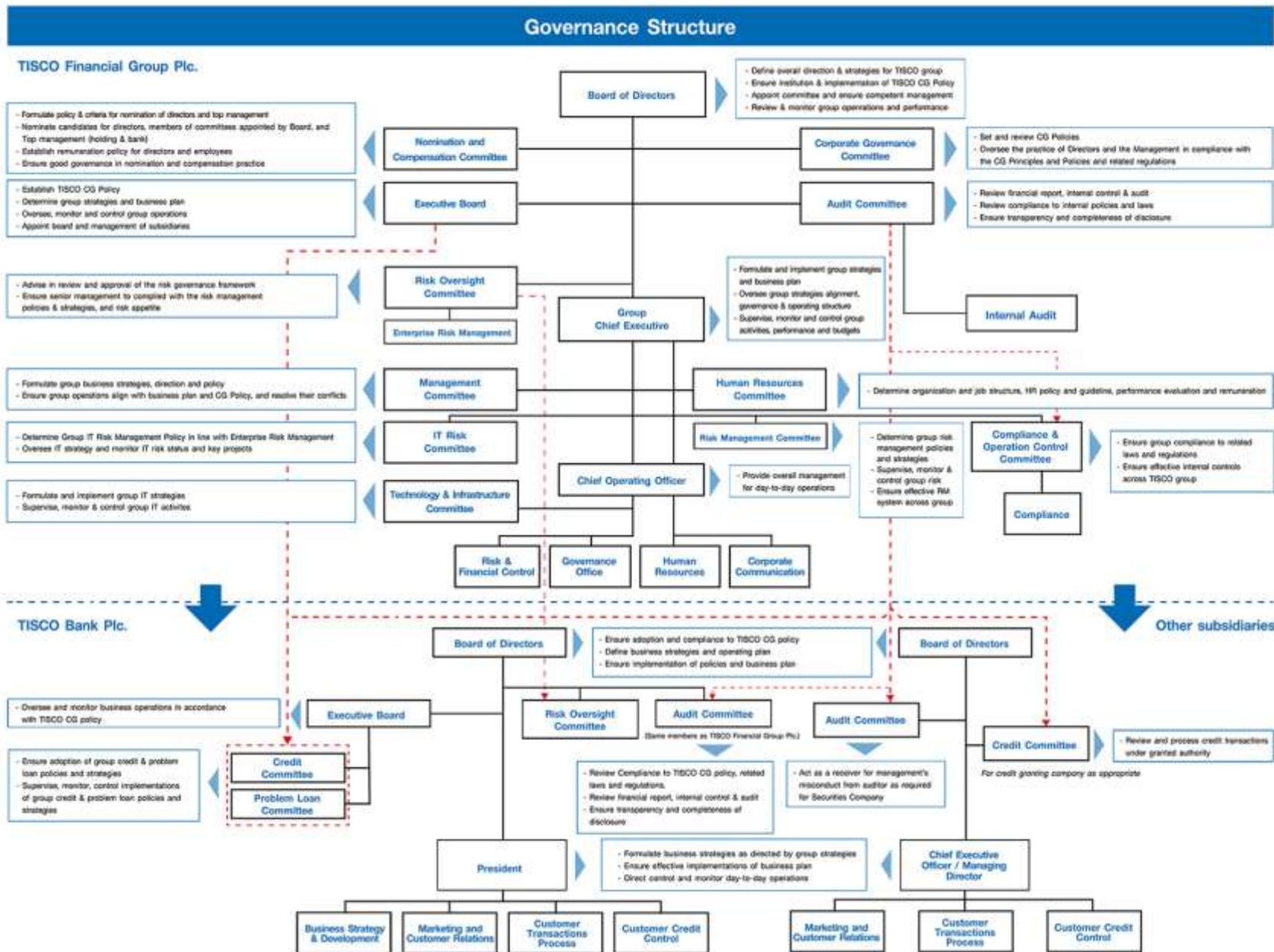


8. Management

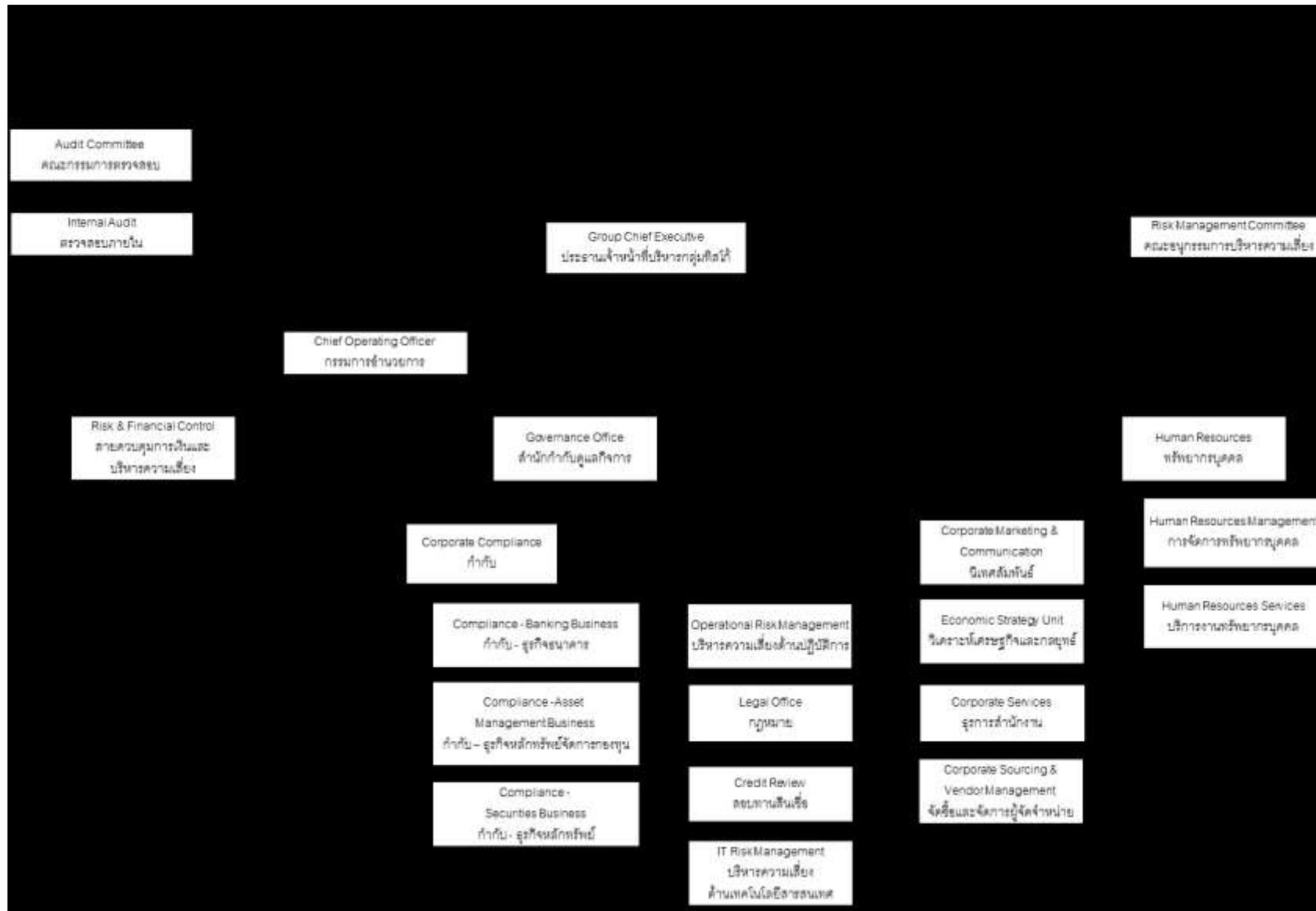
8.1 Management Structure and Board of Directors

TISCO Financial Group Public Company Limited, the parent company of TISCO Group, oversees, and monitors 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 for the Company and its subsidiaries to operate the business in accordance with TISCO Group's Corporate Governance Policy. Subsidiary companies function as strategic business unit, responsible for marketing, transaction, and processing and credit control activities.

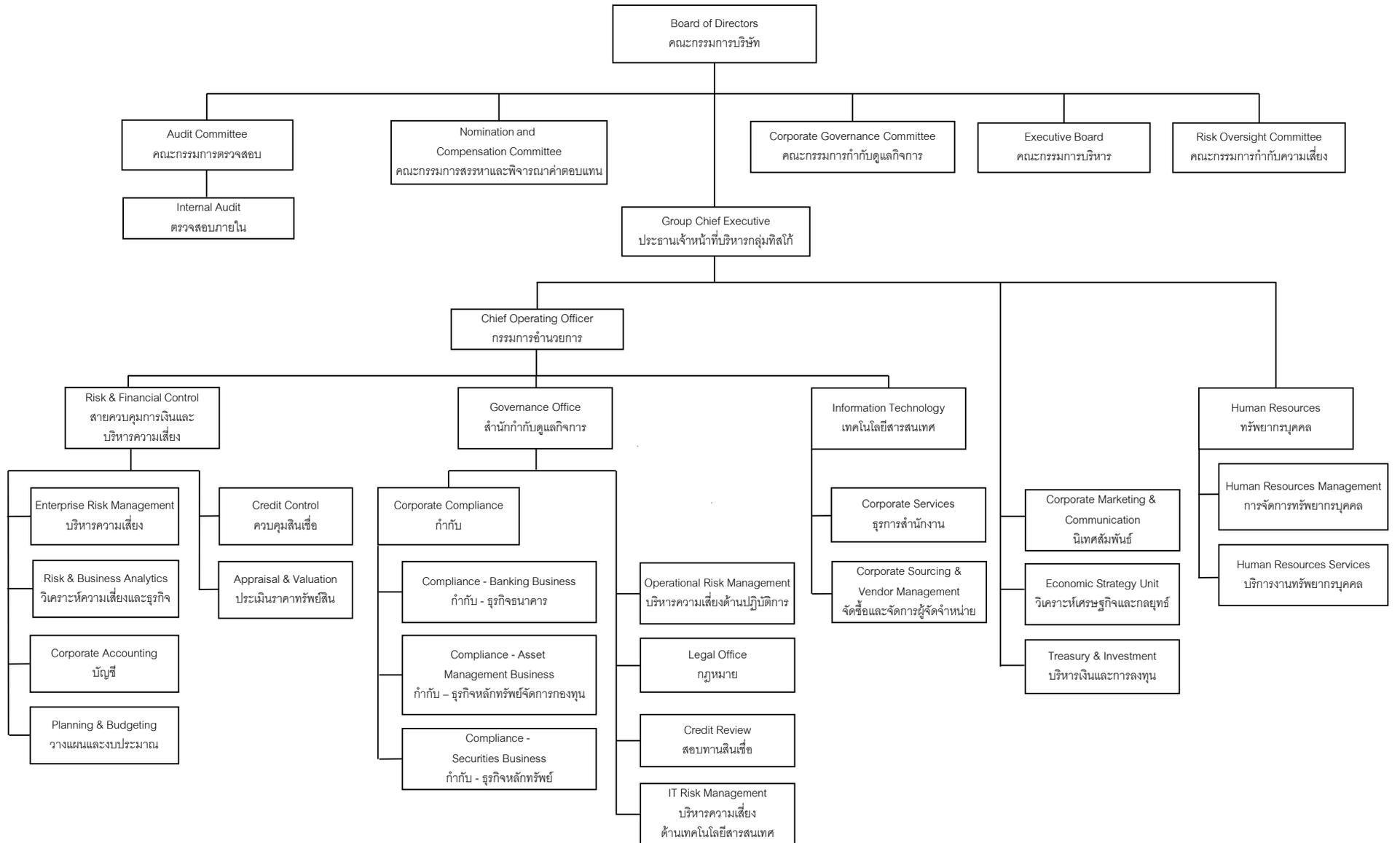
The Board of Directors is responsible for monitoring and controlling business operations of TISCO Group. Other Boards and committees will be appointed according to the needs and suitability to carry out specific missions and tasks. The governance structure of TISCO Group is exhibited as follows:



Management Structure of TISCO Financial Group Public Company Limited as of December 31, 2019



Management Structure of TISCO Financial Group Public Company Limited as of February 1, 2020



The Board structure is comprised of Board of Directors and 5 subcommittees were appointed by the Board of Directors: (1) Executive Board, (2) Risk Oversight Committee (3) Audit Committee, (4) Nomination and Compensation Committee, and (5) Corporate Governance Committee. In addition, 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.

Board of Directors Structure

The Board of Directors consisted of Directors from diversified backgrounds and experience, with sufficient understanding of banking and finance, accounting, economics, strategy, law and information technology deemed appropriate. According to the Company Certificate issued by Department of Business Development, Ministry of Commerce on June 19, 2019, the Board of Directors consisted of 12 directors, including 3 females and 9 males. The election of Board members followed the resolution of the shareholders meetings, as well as the laws and regulations and the Company's Articles of Association. The number of directors is appropriate for the Company's business operations, and the composition is in conformity with the notifications of the Bank of Thailand, the Capital Market Supervisory Board and the regulations of the Securities and Exchange Commission, as well as the diversity of age, gender, experience, and any other appropriate qualifications. As of December 31, 2019, the Board of Directors comprised the following directors:

- The six Independent Directors¹, 50% of the total number of directors, are Mr. Pliu Mangkornkanok, Assoc. Prof. Dr. Angkarat Priebjivat, Prof. Dr. Pranee Tinakorn, Mr. Sathit Aungmanee, Dr. Charatpong Chotigavanich and Dr. Kulpatra Sirodom
- The two Non-executive Directors, 16.67% of the total number of directors, are Mr. Hon Kit Shing (Alexander H. Shing) and Prof. Dr. Teerana Bhongmakapat
- The four Executive Directors², 33.33% of the total number of directors, are Mr. Suthas Ruangmanamongkol, Mr. Chi-Hao Sun (Howard Sun), Mr. Satoshi Yoshitake and Mr. Sakchai Peechapat

¹ "Independent Director" has the meaning specified in the Bank of Thailand's Notification No. SorNorSor. 13/2552 Re: Corporate governance of financial institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 28/2551, Re: Application and approval for offering newly issued shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5% of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of not more than 0.5% is the Bank's standard, which is a higher standard than that set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1% of the total voting shares of the company of which he/she is a director.

² "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 signs on transactions which have been approved by the board of directors and jointly with other directors, following the Capital Market Supervisory Board's Notification No. TorJor. 28/2551 Re: Application and approval for offering newly issued shares, and/or their amendments (if any).

8.1.1 Board of Directors

As of December 31, 2019, the Board of Directors was appointed by the resolutions of the shareholders' meeting of the Year 2019. The Board of Directors comprised the following 12 directors¹:

Name	Position
1. Mr. Pliu Mangkornkanok	Chairman and Independent Director
2. Mr. Hon Kit Shing (Alexander H. Shing)	Vice Chairman, Non-Executive Director and Member of the Nomination and Compensation Committee
3. Mr. Suthas Ruangmanamongkol	Executive Director, Chairman 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, Chairperson of the Nomination and Compensation Committee and Member of the Corporate Governance Committee
6. Prof. Dr. Teerana Bhongmakapat	Non-Executive Director, Chairman of the Risk Oversight Committee and Chairman of the Corporate Governance Committee
7. Mr. Sathit Aungmanee	Independent Director, Member of the Audit Committee and Member of the Nomination and Compensation Committee
8. Dr. Charatpong Chotigavanich	Independent Director, Member of the Risk Oversight Committee and Member of the Corporate Governance Committee
9. Dr. Kulpatra Sirodom	Independent Director, Member of the Audit Committee and Member of the Nomination and Compensation Committee
10. Mr. Chi-Hao Sun (Howard Sun)	Executive Director and Member of the Executive Board
11. Mr. Satoshi Yoshitake	Executive Director and Member of the Executive Board
12. Mr. Sakchai Peechapat	Executive Director, Member of the Executive Board, Member of the Risk Oversight Committee and Chief Operating Officer

Remark: ¹ During January 1 – April 22, 2019, Ms. Oranuch Apisaksirikul was an Executive Director and Chairperson of the Executive Board. Ms. Patareeya Benjapolchai was an Independent Director and Chairperson of the Corporate Governance Committee. Ms. Panada Kanokwat was an Independent Director, member of the Audit Committee and member of the Corporate Governance Committee.

Authorized Signatory

Two of the following executive directors namely Mr. Suthas Ruangmanamongkol, or Mr. Chi-Hao Sun (Howard Sun), or Mr. Satoshi Yoshitake, or Mr. Sakchai Peechapat, jointly sign with the seal of the Company affixed.

Authority and Responsibilities of Chairman of the Board:

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. Maintain access to senior management for vital information related to TISCO business as is necessary and useful, and provide access, advice and support to the Group CEO in the development of strategy.
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 Vice Chairman of the Board:

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 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 Board of Directors, or
 - b. recommended by the Nomination and Compensation Committee and approved by Board of Directors.

Authority and Responsibilities of the Board of Directors:

1. Approve TISCO Corporate Governance Policy as well as oversee TISCO Group Governance and corporate governance disclosure.
2. Approve TISCO Company Statement: Vision and Mission.
3. Approval and monitoring of Group's business model, corporate strategies, business plan, financial budgets, and policies.
4. Approval of M&A, investment, divestment and disposal transaction involving high risk or materially impact TISCO in line with risk management policies, strategies and appetite.
5. Oversee TISCO fair market conduct according to the Bank of Thailand Notification on Market Conduct Guidelines, which cover all service operation processes.
6. Ensure and monitor the effectiveness of whistleblowing policy and internal control system.
7. Approval of the Risk Governance Framework and oversee the cultivation of risk awareness culture and remuneration structure promoting risk awareness.
8. Approval of the appointment, relocation and dismissal of head of risk management functions namely Enterprise Risk Management, Operational Risk Management, and IT Risk Management, as advised by the Risk Oversight Committee.
9. 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.
10. Oversee the annual evaluation of the Board's performance as a whole and on individual director level in the forms of self-assessment and cross-evaluation or third party evaluation (if necessary).
11. Select, appoint, and evaluate Group CEO from the candidates as well as a succession plan as proposed by the Nomination and Compensation Committee.
12. Work in partnership with the Group CEO and senior management in defining overall direction and strategies of TISCO Group concerning sustainable business and ensuring coherent implementation of those strategies through the institution of a Corporate Governance Policy to produce long-term value for shareholders.
13. Together with the Group CEO and senior management, set example at the top that establishes a culture of legal compliance and integrity.
14. Appoint Board Committees, namely, TISCO Audit Committee, TISCO Nomination and Compensation Committee, TISCO Corporate Governance Committee, TISCO Risk Oversight Committee, and TISCO Executive Board as proposed by TISCO NCC, to carry out the tasks assigned by the Board.
15. 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 activities require approval of the Board of Directors:

1. Vision, Mission, Brand and Corporate Value
2. TISCO's business model, corporate strategies, business plan, and financial budgets
3. Corporate Budget & Major Expenditure includes Head Count and Resource of TISCO
4. Merger & Acquisition, investment, divestment and disposal transaction involving high risk or materially impact TISCO
5. Appointment of Board of Directors and Subcommittees as well as delegation of authority
6. Nomination and appointment names of qualified candidates for Group Chief Executive
7. Performance Evaluation of Group Chief Executive

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 8.1.7 and Attachment 1-2.

8.1.2 Executive Board

As of December 31, 2019, the Executive Board which was appointed by the Board of Directors comprised the following four Executive Directors¹:

Name	Position
1. Mr. Suthas Ruangmanamongkol	Chairman of the Executive Board
2. Mr. Chi-Hao Sun (Howard Sun)	Member of the Executive Board
3. Mr. Satoshi Yoshitake	Member of the Executive Board
4. Mr. Sakchai Peechapat	Member of the Executive Board

Remark: ¹ Appointed by the Board of Directors which effective from April 23, 2019, Mr. Suthas Ruangmanamongkol, in replacement of Ms. Oranuch Apisaksirikul, was a Chairman of the Executive Board, also Mr. Satoshi Yoshitake and Mr. Sakchai Peechapat were members 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. Ensure the effectiveness of the implementation of risk management framework and risk management guidelines in alignment with approved risk management policies, strategies and appetite.
8. Appoint and supervise Credit Committee and Problem Loan Committee.

9. Conduct assessment of the adequacy of the Company's internal control system and propose for the Risk Oversight Committee and Audit Committee's review and to the Board of Directors for approval.
10. Oversee and monitor the significant compliance matters of TISCO Group.
11. Appraise annual performance of compliance function with involvement of TISCO Risk Oversight Committee to balance the power of management and promote good governance.
12. Concur annual compliance report of TISCO Group in order to ensure the Board's acknowledgement and accountability on compliance.
13. Ensure that all subcommittees appointed by Group CEO are established, composed and operated appropriately and professionally.

8.1.3 Risk Oversight Committee

As of December 31, 2019, the Risk Oversight Committee was appointed by the Board of Directors. The Risk Oversight Committee comprised the following Independent Director, Non-executive Director, Executive Director and management, totaling 4 persons:

Name	Position
1. Prof. Dr. Teerana Bhongmakapat	Chairman of the Risk Oversight Committee
2. Dr. Charatpong Chotigavanich	Member of the Risk Oversight Committee
3. Mr. Sakchai Peechapat	Member of the Risk Oversight Committee
4. Mr. Chatri Chandrangam	Member of the Risk Oversight Committee

Authority and responsibilities of Risk Oversight Committee:

1. Advise the Board in review and approval of the risk governance framework as stipulated by the Bank of Thailand.
2. Ensure senior management including head of risk management functions complied with the risk management policies & strategies, and risk appetites.
3. Oversee the strategies on capital and liquidity management in line with approved risk appetites.
4. Exchange views with the Audit Committee in reviewing the sufficiency and effectiveness of overall risk management policies & strategies and risk appetite (at least once a year).
5. Report to the Board regarding risk exposures, effectiveness of risk management, implementation progress of risk culture, significant issues and required improvement in compliance with risk management policies & strategies.
6. Express an opinion and participate in evaluating the effectiveness and efficiency of head of risk management functions e.g. Risk Management Function, Operation Risk Management Function and Information Technology Risk Management Function.

8.1.4 Audit Committee

As of December 31, 2019, the Audit Committee which was appointed by the Board of Directors comprised the following three Independent Directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjivat	Chairperson of the Audit Committee
2. Mr. Sathit Aungmanee	Member of the Audit Committee
3. Dr. Kulpatra Sirodom ¹	Member of the Audit Committee

Remark: All 3 members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements.

¹ Dr. Kulpatra Sirodom was appointed as member of the Audit Committee by the Board of Directors, which effective from April 23, 2019.

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 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. Review 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, and approve Internal Audit Policy, Internal Audit charter, annual audit plan, strategy, key performance indicators, staffing and budget.
9. Appoint, transfer, or dismiss Head of Internal Audit and review an effectiveness and efficiency of Head of Internal Audit's performance
10. 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.
11. Conduct the businesses as assigned by the Board of Directors in agreement of the Audit Committee.
12. Approve Compliance policy and assess the efficiency of compliance risk management.
13. Review and assess compliance with policies on conflict of interest and significant issues which may incur between TISCO Bank and investors in the funds managed by TISCO Asset Management and report to the Board of Directors.
14. Joint Meeting – The Committee shall attend an annual joint meeting with the Risk Oversight Committee to acknowledge and exchange views on the framework for the assessment on sufficiency and effectiveness of TISCO risk management.

8.1.5 Nomination and Compensation Committee

As of December 31, 2019, the Nomination and Compensation Committee was appointed by the Board of Directors. The Nomination and Compensation Committee comprised the following Independent Directors and Non-executive Director, totaling 4 persons:

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. Dr. Kulpatra Sirodom ¹	Member of the Nomination and Compensation Committee

Remark: ¹ Dr. Kulpatra Sirodom was appointed as a member of the Nomination and Compensation Committee by the Board of Directors, which effective from April 23, 2019.

Authority and Responsibilities of Nomination and Compensation Committee:

Nomination

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. Evaluate the Group CEO's performance with input from Chairman of the Board of Directors, Chairpersons of the Audit Committee, the Corporate Governance Committee, and the Risk Oversight Committee and propose result to the Board of Directors for approval.
5. 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.
6. 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.
7. Ensure that the professional development program for Directors and Management are assorted properly.
8. Disclose the nomination policy and process in the Annual Report.

Compensation

9. 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.
10. Ensure that the Board remuneration is commensurate with their duties and responsibilities. Board members who handle the extra assignments should be compensated accordingly.
11. 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.
12. Review and approve promotion, remuneration, and benefit of Group CEO.
13. 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.
14. 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.
15. 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.
16. Report activities to the Board of Directors on a regular basis.
17. Conduct the activities as assigned by the Board of Directors in agreement of the Nomination and Compensation Committee.

8.1.6 Corporate Governance Committee

As of December 31, 2019, the Corporate Governance Committee was appointed by the Board of Directors. The Corporate Governance Committee comprised the following Independent Directors and Non-executive director, totaling 3 persons¹:

Name	Position
1. Prof. Dr. Teerana Bhongmakapat	Chairman of the Corporate Governance Committee
2. Prof. Dr. Pranee Tinakorn	Member of the Corporate Governance Committee
3. Dr. Charatpong Chotigavanich	Member of the Corporate Governance Committee

Remark: ¹ As of April 23, 2019, Prof. Dr. Teerana Bhongmakapat, in replacement of Ms. Patareeya Benjapolchai, was appointed as a Chairman of the Corporate Governance Committee by the Board of Directors. Prof. Dr. Pranee Tinakorn and Dr. Charatpong Chotigavanich were appointed as members 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 for 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 and oversee the corporate governance practice of the Board of Directors, Board committees, and the Management in compliance with Corporate Governance Policy, Code of Conduct and related laws and regulations including communication to directors, management, and employees.
4. Review result of corporate governance and sustainable development assessments by outside agencies and make recommendation to the Board of Directors.
5. Review corporate governance and sustainable development practices of TISCO by benchmarking to that of domestic and international standards and 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 Policy and Guidelines, TISCO Sustainable Development Policy, TISCO Code of Conducts, TISCO Whistleblowing Policy and report its findings to the Board.
8. Review Sustainable Development Policy, oversee work-plans and practices to ensure alignment with TISCO sustainable development policy, framework and strategy, and provide advice related to sustainable development issues.
9. Consider the self-authorized transaction on expenses and business leave as reported by the Chairperson of the Executive Board and the Group CEO on a monthly basis.
10. Monitor the adequacy of the company's disclosure practices relevance to sustainability development and corporate governance.
11. Perform other duties as assigned by the Board of Directors.

Board of Directors Meeting of the Company

Board Meetings and Subcommittee 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 or the Subcommittee 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, and notify related committees and managements 14-21 days prior each meeting. In case of the most confidential document the Corporate Secretary may hand over the documents with header label 'CONFIDENTIAL' during the meeting then collect them back after the meeting adjourned.

The Board of Directors Meeting No. 6/2019 on October 25, 2019 approved the preliminary schedule of the Board of Directors Meetings and the Subcommittee Meetings for the Year 2020 in advance which not include special meeting and the schedule may be changed. Details are as follows:

No. of the Meeting	Board of Directors	Executive Board	Risk Oversight Committee	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
1/2020	Tuesday February 25	Wednesday January 22	Wednesday January 29	Friday January 16	Tuesday February 25	Wednesday February 5
2/2020	Wednesday April 22	Tuesday February 25	Wednesday March 25	Tuesday February 11	Wednesday April 22	Wednesday July 8
3/2020	Friday June 26	Thursday March 26	Wednesday May 20	Friday March 6	Friday June 26	Wednesday November 11
4/2020	Friday August 21	Wednesday April 22	Wednesday July 22	Friday April 3	Friday August 21	-
5/2020	Friday October 30	Thursday May 21	Wednesday September 23	Friday May 8	Friday October 30	-
6/2020	Thursday December 17	Friday June 26	Wednesday November 25	Friday June 5	Thursday December 17	-
7/2020	-	Thursday July 23	-	Friday July 10	-	-
8/2020	-	Friday August 21	-	Monday August 10	-	-
9/2020	-	Thursday September 24	-	Friday September 11	-	-
10/2020	-	Friday October 30	-	Friday October 9	-	-
11/2020	-	Friday November 20	-	Friday November 6	-	-
12/2020	-	Thursday December 17	-	Friday December 4	-	-

The Board of Directors 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 Board of Directors Meetings and the Executive Board meetings should be ensured that a number of Directors present at the meeting is not less than three-fourth and one-half of total Board members to constitute a quorum in accordance with Corporate Governance Policy, respectively. Before the meeting, the Chairman should inform that the director(s) (who is interested director in any agenda would not allow to vote and comment) may relate to interest in any agenda, would not allow to vote and comment. For all the Subcommittee Meetings comprising Risk Oversight Committee, Audit Committee, Nomination and Compensation Committee, and Corporate Governance Committee also should be ensured that a number of Directors present at the meeting is not less than two-thirds of total

Board members to constitute a quorum in accordance with Corporate Governance Policy. After the Board of Directors Meetings and the Subcommittee meetings, the Corporate Secretary and the Subcommittee Secretary are responsible for preparing minutes of the meeting in which all issues, contents, and opinions are properly recorded and kept for inspection.

The Company also encourages non-executive directors to hold meetings as necessary to discuss issues without executive attendance. In 2019, there was one meeting among non-executive directors on June 21, 2019.

Details of Board of Directors meeting and subcommittee meeting attendance of TISCO Financial Group Public Company Limited's directors in 2019 are as follows:

Name	Time of Attendance					
	Board of Directors	Executive Board	Risk Oversight Committee	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
No. of total meetings (times) (percentages)	7 (100.00)	12 (100.00)	4 (100.00)	14 (100.00)	4 (100.00)	4 (100.00)
1. Mr. Pliu Mangkornkanok	7 (100.00)	-	-	-	-	-
1. Mr. Hon Kit Shing (Alexander H. Shing)	7 (100.00)	-	-	-	4 (100.00)	-
2. Ms. Oranuch Apisaksirikul ¹	1 (out of 1 time) (100.00)	3 (out of 3 times) (100.00)	-	-	-	-
3. Mr. Suthas Ruangmanamongkol	7 (100.00)	12 (100.00)	-	-	-	-
4. Assoc. Prof. Dr. Angkarat Priebjriwat	7 (100.00)	-	-	14 (100.00)	-	-
5. Prof. Dr. Pranee Tinakorn ³	7 (100.00)	-	-	-	4 (100.00)	3 (out of 3 times) (100.00)
6. Ms. Patareeya Benjapolchai ¹	1 (out of 1 time) (100.00)	-	-	-	-	1 (out of 1 time) (100.00)
7. Ms. Panada Kanokwat ¹	1 (out of 1 time) (100.00)	-	-	5 (out of 5 times) (100.00)	-	1 (out of 1 time) (100.00)
8. Prof. Dr. Teerana Bhongmakapat	7 (100.00)	-	4 (100.00)	-	-	4 (100.00)
9. Mr. Sathit Aungmanee	7 (100.00)	-	-	14 (100.00)	4 (100.00)	-
10. Dr. Charatpong Chotigavanich ²	6 (out of 6 times) (100.00)	-	4 (100.00)	-	-	3 (out of 3 times) (100.00)
11. Dr. Kulpatra Sirodom ²	6 (out of 6 times) (100.00)	-	-	9 (out of 9 times) (100.00)	2 (out of 2 times) (100.00)	-
12. Mr. Chi-Hao Sun (Howard Sun)	7 (100.00)	12 (100.00)	-	-	-	-
13. Mr. Satoshi Yoshitake ²	6 (out of 6 times) (100.00)	8 (out of 9 times) (88.89)	-	-	-	-
14. Mr. Sakchai Peechapatt ²	6 (out of 6 times) (100.00)	9 (out of 9 times) (100.00)	4 (100.00)	-	-	-

Remark: ¹ Take a position of Director and member of the subcommittees of TISCO Financial Group Plc during January 1, 2019 – April 22, 2019.

² Take a position of Director from April 22, 2019 and member of the subcommittees from April 23, 2019.

³ Prof. Dr. Pranee Tinakorn was appointed as a member of the Corporate Governance Committee, which effective from April 23, 2019.

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

8.1.7.1 TISCO Bank's Board of Directors

As of December 31, 2019, TISCO Bank's Board of Directors was appointed by the resolutions of the shareholders' meeting of the Year 2019. TISCO Bank's Board of Directors consisted of 10 directors as follows:

Name	Position
1. Mr. Pliu Mangkornkanok	Chairman and Independent Director
2. Mr. Suthas Ruangmanamongkol	Executive Director, Chairman of the Executive Board and Group Chief Executive
3. Assoc. Prof. Dr. Angkarat Priebjriwat	Independent Director and Chairperson of the Audit Committee
4. Prof. Dr. Teerana Bhongmakapat	Non-Executive Director and Chairman of the Risk Oversight Committee
5. Mr. Sathit Aungmanee	Independent Director and Member of the Audit Committee
6. Dr. Charatpong Chotigavanich	Independent Director and Member of the Risk Oversight Committee
7. Dr. Kulpatra Sirodom	Independent Director and Member of the Audit Committee
8. Mr. Chi-Hao Sun (Howard Sun)	Executive Director and Member of the Executive Board

Name	Position
9. Mr. Satoshi Yoshitake	Executive Director and Member of the Executive Board
10. Mr. Sakchai Peechapat	Executive Director, Member of the Executive Board, Member of the Risk Oversight Committee and President

Remark: ¹ During January 1 – April 22, 2019, Ms. Oranuch Apisaksirikul was an Executive Director and Chairperson of the Executive Board. Ms. Panada Kanokwat was an Independent Director, member of the Audit Committee and member of the Corporate Governance Committee.

Authorized Signatory

Two of the following executive directors namely Mr. Suthas Ruangmanamongkol, or Mr. Chi-Hao Sun (Howard Sun), or Mr. Satoshi Yoshitake, or Mr. Sakchai Peechapat, jointly sign with the seal of the Company affixed.

Chairman of the Board

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 Bank's Board of Directors.
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 Bank's Board of Directors.
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.

8.1.7.2 TISCO Bank's Executive Board

As of December 31, 2019, TISCO Bank's Executive Board was appointed by the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. The Executive Board comprised the following four executive directors:

Name	Position
1. Mr. Suthas Ruangmanamongkol	Chairman of the Executive Board
2. Mr. Chi-Hao Sun (Howard Sun)	Member of the Executive Board
3. Mr. Satoshi Yoshitake	Member of the Executive Board
4. Mr. Sakchai Peechapat	Member of the Executive Board

Remark: ¹ Appointed by TISCO Bank's Board of Directors which effective from April 23, 2019, Mr. Suthas Ruangmanamongkol, in replacement of Ms. Oranuch Apisaksirikul, was a Chairman of the Executive Board, also Mr. Satoshi Yoshitake and Mr. Sakchai Peechapat were members 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. Conduct assessment of the adequacy of the Company's internal control system and propose for the Risk Oversight Committee and Audit Committee's review and to the Board of Directors for approval.
6. Concur annual compliance report of TISCO Bank in order to ensure the Board's acknowledgement and accountability on compliance.

8.1.7.3 Risk Oversight Committee

As of December 31, 2019, TISCO Bank's Risk Oversight Committee was appointed by the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. The Risk Oversight Committee comprised the following independent director, non-executive director, executive director and management, totaling 4 persons:

Name	Position
1. Prof. Dr. Teerana Bhongmakapat	Chairman of the Risk Oversight Committee
2. Dr. Charatpong Chotigavanich	Member of the Risk Oversight Committee
3. Mr. Sakchai Peechapat	Member of the Risk Oversight Committee
4. Mr. Metha Pingsuthiwong	Member of the Risk Oversight Committee

Authority and responsibilities of Risk Oversight Committee:

1. Advise the Board in review and approval of the risk governance framework as stipulated by the Bank of Thailand.
2. Ensure senior management including head of risk management functions complied with the risk management policies & strategies, and risk appetites.
3. Oversee the strategies on capital and liquidity management in line with approved risk appetites.
4. Exchange views with the Audit Committee in reviewing the sufficiency and effectiveness of overall risk management policies & strategies and risk appetite (at least once a year).
5. Report to the Board regarding risk exposures, effectiveness of risk management, implementation progress of risk culture, significant issues and required improvement in compliance with risk management policies & strategies.
6. Express an opinion and participate in evaluating the effectiveness and efficiency of head of risk management functions e.g. Risk Management Functions, Operation Risk Management Functions and Information Technology Risk Management Functions.

8.1.7.4 Audit Committee

As of December 31, 2019, TISCO Bank's Audit Committee was appointed by the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. The Audit Committee comprised the following three independent directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjivat	Chairperson of the Audit Committee
2. Mr. Sathit Aungmanee	Member of the Audit Committee
3. Dr. Kulpatra Sirodom ¹	Member of the Audit Committee

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

- The Audit Committee is same members of the parent company, TISCO Financial Group Public Company Limited

¹ Dr. Kulpatra Sirodom was appointed as member of the Audit Committee by the Board of Directors, which effective from April 23, 2019.

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 2019 are as follows:

Name	Time of Attendance			
	Board of Directors	Executive Board	Risk Oversight Committee	Audit Committee
No. of total meetings (times) (percentages)	6 (100.00)	12 (100.00)	4 (100.00)	14 (100.00)
1. Mr. Pliu Mangkornkanok	6 (100.00)	-	-	-
2. Ms. Oranuch Apisaksirikul ¹	1 (out of 1 time) (100.00)	3 (out of 3 times) (100.00)	-	-
3. Mr. Suthas Suangmanamongkol	6 (100.00)	12 (100.00)	-	-
4. Assoc. Prof. Dr. Angkarat Priebjrivat	6 (100.00)	-	-	14 (100.00)
5. Ms. Panada Kanokwat ¹	1 (out of 1 time) (100.00)	-	-	5 (out of 5 times) (100.00)
6. Prof. Dr. Teerana Bhongmakapat ²	5 (out of 5 times) (100.00)	-	4 (100.00)	-
7. Mr. Sathit Aungmanee	6 (100.00)	-	-	14 (100.00)
8. Dr. Charatpong Chotigavanich ²	6 (100.00)	-	4 (100.00)	-
9. Dr. Kulpatra Sirodom ²	5 (out of 5 times) (100.00)	-	-	9 (out of 9 times) (100.00)
10. Mr. Chi-Hao Sun (Howard Sun)	6 (100.00)	12 (100.00)	-	-
11. Mr. Satoshi Yoshitake ²	5 (out of 5 times) (100.00)	8 (out of 9 times) (88.89)	-	-
12. Mr. Sakchai Peechatat	6 (100.00)	12 (100.00)	4 (100.00)	-

Remark: ¹ Take a position of Director and member of the subcommittees of TISCO Financial Group Plc during January 1, 2019 – April 22, 2019.

² Take a position of Director from April 22, 2019 and member of the subcommittees from April 23, 2019.

8.2 Management

The Company transferred certain senior management and management supervising major functions from subsidiary companies to be employed under the Company. Simultaneously, the Company seconded those managements 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.

As of February 1, 2020, Management Committee of the TISCO Group as defined by the Securities and Exchange Commission comprised the following members:

Name	Position in the Company	Position assigned in subsidiary company
1. Mr. Suthas Ruangmanamongkol	Group Chief Executive	-
2. Mr. Sakchai Peechapat	President Chief Operating Officer	President, TISCO Bank Public Company Limited
3. Mr. Pitada Vatcharasiritham	Senior Executive Vice President	Senior Executive Vice President - Corporate Banking, TISCO Bank Public Company Limited
4. Mr. Chalit Silpsrikul	Senior Executive Vice President	Senior Executive Vice President - Retail Banking, TISCO Bank Public Company Limited
5. Mr. Metha Pingsuthiwong	Senior Executive Vice President	Senior Executive Vice President - Wealth Management & Banking Services, TISCO Bank Public Company Limited
6. Mr. Paiboon Nalinthrangkurn	First Executive Vice President	Chief Executive Officer, TISCO Securities Company Limited
7. Mr. Chatri Chandrangam	First Executive Vice President - Risk & Financial Control	-
8. Mr. Rungroj Jarasvijitkul	Executive Vice President	Executive Vice President - Retail Banking - Sales & Marketing 1, TISCO Bank Public Company Limited
9. Mr. Yuttpong Sriwongjanya	Executive Vice President	Executive Vice President Retail Banking - Sales & Marketing 2, TISCO Bank Public Company Limited
10. Mr. Dejphinun Suthadsanasoung	Executive Vice President	Executive Vice President - Retail Banking Operations, TISCO Bank Public Company Limited
11. Mr. Picha Ratanatam	Executive Vice President	Executive Vice President - Wealth Management, TISCO Bank Public Company Limited
12. Mr. Pairat Srivilairit	Executive Vice President - Governance Office	-
13. Ms. Pavinee Ongvasith	Executive Vice President	Chief Executive Officer, TISCO Asset Management Company Limited
14. Ms. Wanthana Chotchaisathit	Executive Vice President - Information Technology	Managing Director, TISCO Information Technology Company Limited

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 Risk Management Committee, TISCO Compliance & Operation Control Committee, TISCO IT Risk Committee, TISCO Human Resources Committee, and 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 Corporate Governance Policy and Code of Conduct.

As of February 1, 2020, the Company's management comprised the following 39 persons, the first to fourteenth persons are management which shown in page 65, and the nineteenth is a member of management as defined by the Securities and Exchange Commission.

Name	Position
1. Mr. Suthas Ruangmanamongkol	Group Chief Executive
2. Mr. Sakchai Peechapat	President and Chief Operating Officer
3. Mr. Pitada Vatcharasiritham	Senior Executive Vice President
4. Mr. Chalit Silpsrikul	Senior Executive Vice President
5. Mr. Metha Pingsuthiwong	Senior Executive Vice President
6. Mr. Paiboon Nalinhrangkurn	First Executive Vice President
7. Mr. Chatri Chandrangam	First Executive Vice President - Risk & Financial Control
8. Mr. Rungroj Jarasvijitkul	Executive Vice President
9. Mr. Yuttpong Sriwongjanya	Executive Vice President
10. Mr. Dejphinun Suthadsanasoung	Executive Vice President
11. Mr. Picha Ratanatam	Executive Vice President
12. Mr. Pairat Srivilairit	Executive Vice President - Governance Office
13. Ms. Pavinee Ongvasith	Executive Vice President
14. Ms. Wanthana Chotchaisathit	Executive Vice President - Information Technology
15. Mr. Theeranat Rujimethapass	Assistant Executive Vice President
16. Ms. Rachada Pruksanubal	Assistant Executive Vice President
17. Mr. Nipon Wongchotiwat	Head of Enterprise Risk Management
18. Mr. Puvarin Kullaphatkanon	Head of Risk and Business Analytics
19. Ms. Chutintorn Vigasi	Head of Corporate Accounting
20. Mr. Kontee Sunthornpradit	Head of Planning and Budgeting
21. Ms. Surang Techarungnirun	Head of Credit Control
22. Mr. Pichit Treethephasumphan	Head of Appraisal and Valuation
23. Ms. Dulyarat Taveebhol	Head of Corporate Compliance
24. Ms. Maneerat Wattanajak	Head of Compliance - Banking Business
25. Ms. Yaninee Papnum	Head of Compliance - Asset Management Business
26. Ms. Sakornrat Manuwong	Head of Compliance – Securities Business
27. Ms. Chuenchit Trakarnratti	Head of Operational Risk Management
28. Ms. Nudtinee Suwanpanitch	Head of Legal Office
29. Ms. Jiraporn Sawsukpaiboon	Head of Internal Audit
30. Ms. Thitima Chotethanaprasith	Head of Credit Review
31. Mr. Ekarat Pongkitvanitchkul	Head of IT Risk Management
32. Mr. Somchat Lapapong	Head of Corporate Services
33. Ms. Aree Archamongkol	Head of Corporate Sourcing & Vendor Management
34. Ms. Nartrudee Siwabut	Head of Corporate Communication
35. Mr. Komsorn Prakobphol	Head of Economic Strategy Unit
36. Mr. Watsakorn Thepthim	Head of Human Resources
37. Mr. Kittipong Tiyaboonchai	Head of Human Resources Management
38. Ms. Chutiporn Luangrungsawang	Head of Human Resources Services
39. Ms. Kwannapa Ampornvisaroot	Acting Head of Treasury & Investment

8.2.1 Management of TISCO Bank

As of February 1, 2020, the Management of TISCO Bank comprised of 46 persons, the first to eighth is the member of management as defined by the Securities and Exchange Commission¹ and are the top managements of TISCO Financial Group Public Company Limited are seconded to manage the Bank which shown in page 65. Members are in the following:

Name	Position
1. Mr. Sakchai Peechapat	President
2. Mr. Pitada Vatcharasiritham	Senior Executive Vice President - Corporate Banking
3. Mr. Chalit Silpsrikul	Senior Executive Vice President - Retail Banking
4. Mr. Metha Pingsuthiwong	Senior Executive Vice President - Wealth Management & Banking Services
5. Mr. Rungroj Jarasvijitkul	Executive Vice President - Retail Banking - Sales & Marketing 1
6. Mr. Yuttpong Sriwongjanya	Executive Vice President - Retail Banking - Sales & Marketing 2
7. Mr. Dejphinun Suthadsanasoung	Executive Vice President - Retail Banking-Operations
8. Mr. Picha Ratanatam	Executive Vice President - Wealth Management
9. Ms. Rachada Pruksanubal	Head of Banking Services and Acting Head of Treasury
10. Mr. Manop Petdamrongsakul	Head of Corporate Finance
11. Mrs. Malatip Swintara	Co-Head of Business and Risk Assessment
12. Ms. Sunee Tongsombutpanich	Head of Business and Risk Assessment
13. Ms. Rapeeporn Ounchalanon	Head of Loan Administration
14. Mrs. Savika Jongpakpaisal	Head of Loan Documentation
15. Mr. Wittaya Mettaviharee	Assistant Head of Retail Banking - Sales & Marketing 1 and Acting Head of Branch Channel 3
16. Mr. Noppadol Chumwong	Head of Hire Purchase
17. Ms. Parichat Suthatsanasuang	Head of Hire Purchase - Captive
18. Mr. Teerayuth Praserttrattanadacho	Head of Retail Marketing & Business Development
19. Mr. Suthep Trivannakij	Head of Branch Channel 1
20. Mr. Somboon Siriruck	Head of Branch Channel 2
21. Ms. Wipa Mettaviharee	Head of All Finance & Direct Sales
22. Ms. Penthip Laobooncharoen	Head of Retail & SME Credit
23. Mr. Sukit Sakulwongyai	Head of Retail Collection
24. Mr. Worapoth Tirakaroon	Head of Retail Service & Support
25. Mr. Taworn Suphadechochai	Head of Retail Follow-up & Legal
26. Mr. Nattanan Ananpreeyavit	Head of Contact Center
27. Mr. Konchai Udomsrusuk	Head of Retail Solution Development
28. Mr. Phongsophon Wongthongkam	Deputy Head of SME
29. Mr. Prakrit Shoonhasriwong	Head of Mortgage Loan
30. Mrs. Wantana Kitchpanich	Head of Branch Operations Support
31. Mr. Thanom Chairoondeekul	Deputy Head of Wealth Management
32. Mr. Satit Pawahan	Head of Private Banking
33. Ms. Pitchapa Wongsarasak	Head of Wealth Product
34. Ms. Saranya Weeramahawong	Head of Personal Banking 1
35. Mrs. Atchara Petchsangroj	Head of Personal Banking 2
36. Mrs. Vorasinee Sethabutr	Head of Wealth Product Development
37. Mr. Nattakrit Laotaweasap	Head of Wealth Advisory
38. Ms. Lapanant Tanwanna	Head of Custodian Service
39. Mrs. Suwandee Khaolaorr	Head of Cash Management
40. Mr. Kittichai Tonnajarn	Head of Counter Services

Name	Position
41. Mr. Worawit Rungsiriopas	Head of Processing & Settlement
42. Ms. Mayura Sanguansaksri	Head of Logistic & Control
43. Ms. Yupha Janpoom	Head of Fund Operation
44. Mrs. Kusumar Pratomsrimek	Head of Bancassurance and Acting Head of Telemarketing Channel
45. Mr. Noppawat Tangburanakij	Head of Digital Banking Business
46. Mr. Tula Rodsalub	Head of Digital & Business Innovation

Remark: ¹ Both First 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

As TISCO Corporate Governance Policy, all support and control functions will be centralized at the parent company. These centralized operations cover the areas of risk oversight. The parent company will applied across all subsidiary companies including TISCO Bank. Therefore, all heads of risk oversight functions are management of TISCO Financial Group Public Company Limited, such as head of risk management function, compliance function, and internal audit function as management number 17, 23-27, 29 and 31 of TISCO Financial Group Public Company Limited as presented in page 67.

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, effective from September 1, 2013, 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 1*)

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.

Directors who are assigned with extra work (being members of other sub-committees, for example) should be paid appropriately. The remuneration to be paid to such director or directors will be approved by the board. Remuneration for Group Chief Officer and management (called "management") shall be linked to short and long term performance of TISCO Group, in and that of each management member. The remuneration should be determined in accordance with Director and Management Remuneration Policy 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. TISCO Group does not pay Executive Board meeting fee to director(s) who hold management position and full-time employment in TISCO Group, effective from January 1, 2017, to be valid until amended.

8.4.2 Financial Remuneration

The Company's shareholders approved at the Shareholders Annual General Meeting for the Year 2019, the directors' remuneration including member of sub-committees and advisor in the form of monthly fee and meeting fee, 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. 2/2019 on April 23, 2019 approved directors' remuneration to be allocated as follows:

(Unit: Baht)

	Monthly Fee	Meeting Fee
Board of Directors		
Chairman	240,000	60,000
Member	50,000	50,000
Advisor	40,000	-
Executive Board		
Chairman	-	60,000
Member	-	50,000
Risk Oversight Committee		
Chairman	-	60,000
Member	-	50,000
Audit Committee		
Chairperson	-	60,000
Member	-	50,000
Nomination and Compensation Committee		
Chairperson	-	60,000
Member	-	50,000
Corporate Governance Committee		
Chairman	-	60,000
Member	-	50,000

Total of Board of Directors' remuneration of TISCO Financial Group Public Company for the Year 2019

(Unit: Baht)

Name	Monthly Fee	Meeting Fee						Total
		Board of Directors	Executive Board	Risk Oversight Committee	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee	
1. Mr. Pliu Mangkornkanok	2,880,000	420,000	-	-	-	-	-	3,300,000
2. Mr. Hon Kit Shing (Alexander H. Shing)	600,000	350,000	-	-	-	200,000	-	1,150,000
3. Ms. Oranuch Apisaksirikul	186,666.67	50,000	180,000	-	-	-	-	416,666.67
4. Mr. Suthas Ruangmanamongkol	600,000	-	-	-	-	-	-	600,000
5. Assoc. Prof. Dr. Angkarat Priebjivat	600,000	350,000	-	-	840,000	-	-	1,790,000
6. Prof. Dr. Pranee Tinakorn	600,000	350,000	-	-	-	240,000	150,000	1,340,000
7. Ms. Patareeya Benjapolchai ¹	186,666.67	50,000	-	-	-	-	60,000	296,666.67
8. Ms. Panada Kanokwat ¹	186,666.67	50,000	-	-	250,000	-	50,000	536,666.67
9. Prof. Dr. Teerana Bhongmakapat	600,000	350,000	-	240,000	-	-	230,000	1,420,000
10. Mr. Sathit Anugmanee	600,000	350,000	-	-	700,000	200,000	-	1,850,000
11. Dr. Charatpong Chotigavanich ²	413,333.33	300,000	-	200,000	-	-	150,000	1,063,333.33
12. Dr. Kulpatra Sirodom ²	415,000	300,000	-	-	450,000	100,000	-	1,265,000
13. Mr. Chi-Hao Sun (Howard Sun)	600,000	350,000	600,000	-	-	-	-	1,550,000
14. Mr. Satoshi Yoshitake ²	415,000	-	-	-	-	-	-	415,000
15. Mr. Sakchai Peechapat ²	415,000	-	-	-	-	-	-	415,000
16. Ms. Krisna Theravuth ³	480,000	-	-	-	-	-	-	480,000
Total	9,778,333.34	3,270,000	780,000	440,000	2,240,000	740,000	640,000	17,888,333.34

Remark: ¹ Take a position of Director and member of subcommittees of TISCO Financial Group Plc during January 1 - April 22, 2019.

² Appointed as director of TISCO Financial Group Plc by the resolutions of the shareholders' meeting of the Year 2019.

³ Ms. Krisna Theravuthi was appointed to be Advisor to TISCO's Board of Directors since April 26, 2013, with monthly remuneration of Baht 40,000.

In 2019, total remuneration for the Board of Directors, the Executive Board, the Risk Oversight Committee, the Audit Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee (15 members) was Baht 17,408,333.34, Advisor to the Board of Directors (1 member) was Baht 480,000, the total amount was Baht 17,888,333.34, additionally, the Management (38 persons¹) was Baht 471,943,639.66, the total amount was Baht 489,831,973. 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 2019, 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.

Total of Board of Directors' remuneration of TISCO Bank Public Company for the Year 2019

Name	Monthly Fee	Meeting Fee				Total
		Board of Directors	Executive Board	Risk Oversight Committee	Audit Committee	
1. Dr. Charatpong Chotigavanich ¹	186,666.67	50,000	-	-	-	236,666.67
Total	186,666.67	50,000	-	-	-	236,666.67

Remark: ¹ Dr. Charatpong Chotigavanich, as a director of TISCO Bank Public Company Limited, was paid director's remuneration during January 1 -April 22, 2019.

In 2019, TISCO Bank, the core company of TISCO Group, paid remuneration to one (1) director at Baht 236,666.67 and 35² Managements (excluding 8 persons which are the Parent Company's management and seconded to manage TISCO Bank), was Baht 183,332,475.66. This was paid in form of monthly compensation, salaries, provident funds, and bonuses which varied according to TISCO Bank performance.

8.4.3 Other Remuneration

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

1. Executive vehicle for the Chairman of the Board
2. Group Life and Accident Insurance, or Health Insurance for director(s) who are Thai national and over 60 years old
3. 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, 2019, the total number of employees at TISCO Group was 5,051 (excluding senior management) of which 4,998 were permanent employees and 517 contract staff.

Major Function	As of	
	December 31, 2018	December 31, 2019
1. Retail Banking	3,035	3,198
2. Corporate Banking	52	50
3. Wealth & Asset Management	1,066	1,057
4. Corporate Affairs & CSR	668	710
Total	4,821	5,015

At the end of 2019, the number of employees of TISCO Group increased by 194 staffs (5% YoY). Meanwhile, TISCO Group's total employee remuneration in the form of salaries, bonuses, and provident fund contributions was 4,518,901,647 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% or 10% or 15% 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

² Management of TISCO Bank as of December 31, 2019 comprised 35 persons.

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.

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.

TISCO Group sets up performance management system to ensure that individual employees perform according to business plans. Line managers review goals and key performance indicators for each position under his/her scope of responsibility to ensure alignment to an annual plan. Goals and key performance indicators then are communicated to individual employees at the beginning of the year. Throughout the year, employee performance is monitored with coaching and feedbacks to ensure employees are performing toward the defined goals.

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. In term of target setting, the individual performance measures must be aligned with business target e.g. business volume, operating expenses, as well as risks related to business activities, and etc.

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.

Occupational Safety and Health

TISCO Group has established policies and guidelines regarding occupational safety, health and working environment for TISCO employees and external service providers operating in the office area of the TISCO Group including those who visiting TISCO to have safety and good health in TISCO working environment which conforms to the Occupational Safety, Health and Environment Act, BE 2554 and according to the Ministerial Regulation on the Standard for Administration and Management of Occupational Safety, Health and Environment, BE 2549.

Safety, health and working environment are considered the responsibility of and involving with every employee. Therefore, it is critical that all employees must understand and cooperate well according to the prescribed guidelines and procedures in order to mitigate risks and hazards either to themselves or others. TISCO set up learning plans that every new employee must attend and pass the E-learning class for the topic of "Safety in the Office" through TISCO LMS system in order to complete or pass the requirement for work probation period. In addition, TISCO provides information and knowledge about accident prevention through various channels such as HR News, Health Tips, Health Alert and Knowledge Management (KM) as well as through related projects such as workplace inspection with ergonomic tools, risk assessment and work environment etc.

From the statistics report on injury, occupational diseases and death due to the work in 2019, there were no employees who died from work. However, there were 77 employees that injured or sick due to work related illnesses, which can be divided into various cases as follows:

Type of injuries, occupational diseases and number of work-related fatalities	Employees' Location	Number of reported case		Number of lost day	
		Male	Female	Male	Female
Injuries					
• Minor Wound	Head Office	-	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-
Occupational Diseases					
• Noise-induced hearing loss	Head Office	9	1	-	-
	Bangkok Metropolitan Region	8	4	-	-
	Provincial	-	-	-	-
• Musculoskeletal strain	Head Office	-	6	-	-
	Bangkok Metropolitan Region	1	1	-	2
	Provincial	-	3	-	-
• Vision	Head Office	35	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-
• Pulmonary function	Head Office	9	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-
Fatalities					
• Work-Related Fatalities	Head Office	-	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-

Details of Occupational Safety and Health

Data	Unit	January - December 2019					
		Male	Female	Head Office	Bangkok Metropolitan Region	Provincial	TISCO Group
Injury Rate: IR	Number of employee per 200,000 working hours	0.00	0.00	0.00	0.00	0.00	0.00
Lost Time Injury Rate: LTIR	Number of employee per 200,000 working hours	0.00	0.00	0.00	0.00	0.00	0.00
Lost Day Injury Rate: LDIR	Number of lost day per 200,000 working hours	0.00	0.00	0.00	0.00	0.00	0.00
Occupational Disease Rate: ODR	Number of employee per 200,000 working hours	4.08	0.51	2.17	2.58	0.26	1.72
Absentee Rate: AR	Percent	1.09	1.29	1.48	0.90	0.71	1.22
Number of sick leave	Day	5,122	10,926	12,383	1,413	2,252	16,049
Total of sick leave days unrelated to work	Day x 7.30 working hours	37,390.6	79,759.8	90,395.9	10,314.9	16,439.6	117,157.7

Remark: 1. The calculation is based on the International Labor Organization standard: ILO-OSH 2001

2. Lost Time Injury - refers to an injury that stops work from 1 day or more (start counting holidays from the date of the accident)

3. Lost Day Injury Rate, once used, Lost Day Rate:

4. Working hours - refers to working hours information from the Employee Self Service system of the full time employees during January and December 2019. Working hours include overtime and actual working hours of employees resigned during the year

TISCO concerns for dangers that may arise from violence and abuse by customers or adversary as well as the situation of bank robberies, protests and other terrorism. Therefore, security measures such as space access control by defining the classes of security and the types of access were implemented with electronic Access Control system, security guards, intrusion alarm system and CCTV equipment. TISCO also developed contingency plan in case of emergency to guide TISCO BCM Team, employees and visitors within the TISCO office area to protect the lives of employees and reduce any potential losses.

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 continued to invest substantially in a program to develop all levels of personnel so that they can fully contribute to the organization and its 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 which totaled 7 programs as follows;

1. Development programs to support business & marketing plans

There are 7 development programs for business managers and staff as follows:

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. All tellers are trained on the newly implemented core deposit system; ensure smooth operation which will allow tellers to provide better serve the clients.

1.2 Wealth Academy for Wealth Relationship Managers

Along with the improvement of tellers as customer service team, a dedicated 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. In addition, TISCO is in the process to upgrade financial advisory skills of its wealth relationship manager by ensuring that they hold necessary professional licenses, including the Certified Financial Planner (CFP) accreditation.

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 marketing 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. 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 Operation Manager Program

Operation managers handle retail lending operations at branches to support marketing teams. The program aims to provide necessary knowledge and build strong operation process and compliance awareness of related regulations to best serve the marketing teams.

1.6 Branch Manager Program

Branch managers are executives of bank branches. Their roles and responsibilities are managing and monitoring branches to achieve business targets. TISGO group has designed this program to update Branch Managers on business knowledge, current economy, regulations and work procedures. The program also aims to improve leadership and management skill which reflects our leading corporate's professionalization and meets business goals.

1.7 Somwang Onboarding Program

According to expand Somwang business in suburban areas, new Somwang marketing staff will be trained at Somwang Learning Hub in form of blended learning which are designed to learn standard knowledge from E-learning along with on the job training from experience mentors. This aims at the roles and comprehensive knowledge on retail financial products focusing on loan against auto license as well as customer service skills. Regular refresh courses are also administrated for all existing Somwang marketing staffs to ensure that desired level of expertise can be maintained.

1.8 Somwang Manager Program

Somwang Managers play important role in assisting the Somwant District Manager in leading group of Somwang marketing staffs in achieving business targets. Designed by TISCO Group, this program aims at providing business policy and direction, TISCO retail products knowledge, marketing skills, credit approval and effective operations to meet clients' need, as well as team management skills. The program builds professionalization and meets business goal achievement.

1.9 Somwang District Manager Program

Somwang District Managers play important role as leaders of Somwang marketing team in achieving business targets. Designed by TISCO Group, this program aims at the roles and comprehensive knowledge on TISCO retail products, marketing skills, credit approval and effective operations to meet clients' needs with leadership skills to reflects our leading corporate's professionalization and meets business goals.

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 Development 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. Executive Trainee Development Program

The objective of this program is to improve multi-functional skills and capabilities of executive trainees (or selected-high-potential employees) to meet business strategies and to develop each of them for being an executive in the future. These executive trainees have comprehensive knowledge of TISCO business. In addition, communication and relationship skill have been built through activities with each colleague from different business unit. Not only those necessary knowledge and skill, but also philosophy which leads them to achieve happy and high quality work, including being open and adaptive to changes in society.

4. New Manager Orientation Program

The objective of this program is to equip newly promoted manager with management and supervisory skills to lead and manage their teams effectively. The new managers are provided with basic leadership strategy and tools so that they can apply and implement, including strategic thinking for planning and making business decisions.

5. 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.

6. TISCO Values cultivation program

TISCO values are the essence qualities we cultivate in our people through induction, training, into TISCO culture and attitude. Our values; Mastery, Integrity, Reliability, Customer priority, creativity and Guidance are adhere with all employees to practice values behaviors to everyday life. TISCO Values align with our vision and mission. The cultivation of values commences from top management team who structure value behaviors to managers who, then, shape and encourage employees to practice accordingly. This project is called "Value in practice"; an aligned mutual understanding of values across all level which employees can practice accordingly through communication, training, induction program and employee activities.

Training and induction program; create value awareness and understanding of the desire value behavior in the onboarding program. Design training courses that aligned with Values such as "Mastery and creativity" is reflected regularly on Product knowledge and process improvement training program. "Guidance" is encouraged by developing in-house trainers to teach financial literacy camp. "Integrity" is emphasized in "market conduct" intensive training, ensuring proper information disclosure to customers.

Employee Activities and internal communication is also emphasis in maintains value behaviors. "Creativity" is enhanced in recognition, innovation contest, and creates opportunities for employee to freely participate in developing solutions. TISCO employee survey of 2019 indicates that TISCO employees are able to reflect TISCO values outstandingly at average score of 8.31 out of 10. "Integrity, Customer Priority, Guidance, and Mastery" are top values that employees valued and reflect distinctively which aligned with TISCO vision and mission. The survey also reveals overall satisfaction of TISCO Corporate Culture at 8.20 out of 10.

In addition to the annual job satisfaction survey, TISCO invite external independent consultant to conduct employee engagement survey regularly. In 2019, Hi-Way Company Limited, a subsidiary of TISCO Financial Group, was awarded "Thailand Best Employer 2019" by Kincentric Thailand and SASIN School of Management of Chulalongkorn University. This is the 3rd time Hi-Way is named "Thailand Best Employer" and the 4th time of TISCO as TISCO Bank was also named "Thailand Best Employer 2013". The engagement score has been high at 92% overall, 81% Agility, 84% Engaging leadership and 84% talent focus.

7. Learning Management System and e-Learning

TISCO Group is aware that employees are entitled 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.

8. 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. In addition, there are other staff development programs of 392 programs.

9. OASIS Growth Mindset Campaign

TISCO Group adapts to continuous changes in economic and technology and initiates a culture change program to build growth mindset for employees at all levels. The objective is to build employees who are open for changes and being adaptive, as well as able to accumulate and share knowledge within the organization. The OASIS project (Open – Adaptive – Sharing) enables employees to keep up and adapt to changing environment. It is the foundation infrastructure for innovation by having employees who learn, develop, and deliver continuously.

In addition, TISCO has more 367 training programs.



Training Program	2017	2018	2019
Total training hours (Hour/Staff/Year)	21.55	33.34	26.37
Breakdown by Sex (Hour/Staff/Year)			
Male	20.83	31.59	24.95
Female	21.97	34.32	27.16
Breakdown by Position (Hour/Staff/Year)			
Executive ⁽¹⁾	31.10	50.98	41.76
Non-executive ⁽²⁾	21.30	32.89	26.00
Breakdown by Business Pillar (Hour/Staff/Year)			
Retail Banking	17.23	28.72	24.20
Corporate Banking	13.47	17.20	16.67
Wealth and Asset Management	31.80	47.82	31.97
Corporate Affairs & CSR	24.06	32.50	28.47

Remark: (1) Executive means function-head rank to managerial rank.

(2) Non-Executive means employees under function-head rank.

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 stems from 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 include shareholders, employees, customers, business partners, creditors, competitors, society and the environment, are fully protected with maximum accountability, transparency, equitable treatment, adequate disclosure, and protection of customer data. This commitment applies to TISCO as well as its subsidiaries, directors, management, and subsidiaries' employees.

In addition to following the 2017 Corporate Governance Code for listed companies by the Securities and Exchange Commission, TISCO Group's Corporate Governance Policy was reviewed in 2019 and brought into alignment with the Banking Industry Code of Conduct by the Thai Bankers' Association and the Corporate Governance of Financial Institutions by the Bank of Thailand. It was subsequently considered and proposed to the Board of Directors for approval by the Corporate Governance Committee on November 15 and December 16, 2019. The Corporate Governance Policy aims to reflect the Group's business and social sustainability objectives, including maximization of shareholders' value and benefits for all stakeholders, and to define a framework for the practices of directors, management and TISCO Group employees in accordance with related laws, regulations, policy and code of conduct.

TISCO's Corporate Governance Policy covers the composition, roles and responsibilities demonstrated in Corporate Governance Structure, Corporate Governance Practices, Governance Structure, Corporate Compliance Roles and Responsibilities, and Centralized Policies. The Company and its subsidiaries, including directors, management, and employees are expected to strictly and regularly comply with the Group's Corporate Governance Policy through five principles of good Corporate Governance: Rights of Shareholders, Equitable Treatment of Shareholders, Roles of Stakeholders, Disclosure and Transparency, Board Responsibilities, and Integrity and Ethics in order to ensure that TISCO Group's subsidiaries carry out duties with maximum accountability, transparency, and equitable treatment to all stakeholders so as to promote managerial integrity, effectiveness and efficiency across the group. *(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 holds a compulsory Compliance and Human Resource Policy Test annually through the TISCO Intranet system. The test results are evaluated to enhance staff awareness of their roles and responsibilities as part of good corporate governance. Employees taking the test will be able to learn instantly from the provided answers to all questions. The Company has developed and revised the test in alignment with changes in laws and regulations. Completion of the test is required by all employees as one of their Compulsory Key Performance Indicators. All new staff employed during the year are required to complete the test in addition to attending the orientation. The results of the test will be considered part of their evaluation.

In 2019, TISCO received an **Excellent Corporate Governance Report** from the Thai Institute of Directors (IOD) for the 12th consecutive year. Consideration was given to information disclosed through the Stock Exchange of Thailand's information dissemination channel and the Company's other public documents. TISCO as a listed company also passed the **2019 AGM Checklist** with a full 100 score, the 5th consecutive year doing so. The evaluation, involving 672 companies, was conducted by the Thai Investor Association in collaboration with the Thai Listed Companies Association and the Securities and Exchange Commission. In addition, TISCO has received national and international recognition for corporate governance in the areas of sustainable development, environment, and society. These reflect the Company's intention to develop financial products and services which take shareholders into consideration, and represent good corporate governance by benefiting society and the environment. These have been principle parts of the organization's sustainable development for more than 50 years. The Company proposed the assessment result to the Corporate Governance Committee, which subsequently reported it to the Board of Directors to review the IOD's recommendations and improve the corporate governance of TISCO Group.

TISCO Group emphasizes 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 to maintain 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 shareholder 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 in 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 of, decisions concerning fundamental company changes.

TISCO fairly and equally treats all shareholders, majority or minority, individual or institutional, foreign or Thai, 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 shareholders with an attached 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 have appointed custodians within Thailand to be responsible for the shares). Any shareholders who cannot attend the meeting can have their proxies participate on their behalf. In addition, the Company contacts institutional investors who are funds or custodians, to send representatives to the meeting and facilitates the process by conducting document checking in advance 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 four months of the date marking the end of the accounting period, the Board of Directors may summon an extra-ordinary meeting at such date, time and place as determined by the Board. The Company allows minor shareholders to request the Board of Directors convene an extraordinary general meeting of shareholders under the laws and company regulations.

The Company emphasizes shareholder meetings as important occasions in which the shareholders have the right to participate in the decision-making process. TISCO encourages shareholders to fully exercise their rights and facilitates the process by:

- Inviting shareholders to propose agenda items at the annual general meeting and nominate qualified candidates for directorship

TISCO allocates sufficient time for either one shareholder or combined shareholders who hold a minimum 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/or to propose qualified director candidates. The shareholders can submit their proposals in advance of the meeting in accordance with 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 at the shareholders' meeting, on the Company's website or through any other appropriate information dissemination channel.

For the 2019 Annual General Meeting, TISCO invited shareholders to propose agenda and qualified candidates for directorship in advance, from September 1 to December 31, 2018. Before mailing out the Notice, the Company posted on its website information for shareholders regarding their right to propose additional agenda items at the annual general meeting, along with related procedures, deadline for the proposal of agenda items, and methods of proposing qualified candidates for directorship to the Nomination and Compensation Committee for further recommendation to the Board of Directors and proposal to shareholders at the annual general meeting. Posting of the information on the Company website coincided with similar disclosure through the Stock Exchange of Thailand's information dissemination channel and website. No shareholders had proposed additional agenda items and qualified names for directorship as of the stated date of the Annual General Meeting.

- Notification of Meeting Details and Materials

The Company prepares Notice of the shareholder meeting in both Thai and English and notifies investors of the meeting details prior to the meeting date through the Stock Exchange of Thailand's information dissemination channel and its website so as to allow shareholders adequate time to study the meeting materials. Such notice and materials shall be sent to the shareholders no less than seven days or 14 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 includes (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 three consecutive days and not less than three 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 meeting agenda.

For the 2019 Annual General Meeting, TISCO disclosed the Agenda of the meeting via the Stock Exchange of Thailand's information dissemination channel since February 26, 2019 and disclosed Notice of the shareholder meeting in both Thai and English through the Stock Exchange of Thailand's information dissemination channel and its website since March 22, 2019 and sent Notice of the shareholder meeting and the meeting materials to shareholders since March 22, 2019, or 31 days before the date of shareholders meeting, in conformance with good corporate governance practices.

- Meeting attendance

To protect shareholders' rights to attend the meeting and ensure equitable treatment for shareholders, TISCO assigned officers to check that shareholders' or proxies' documents are in accordance with 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 ensure prompt and accurate registration for vote counting. In addition, shareholders are able to register to attend and exercise their voting rights on agenda items for which they have not cast votes in advance after the meeting commences. For shareholders unable to attend the meeting and who would like to appoint a proxy, TISCO proposes more than one independent director by presenting director profiles for the shareholders' selection, in addition to management, directors or any other person attending the meeting on their behalf. TISCO has attached Proxy Form B, 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 Forms from the Company's website.

For the 2019 Annual General Meeting, the Company proposed four independent directors, Chairman of the Board of Directors, Chairperson of the Audit Committee, Chairperson of the Nomination and Compensation Committee and Chairperson of Corporate Governance Committee, including their profiles for shareholders to appoint as a proxy.

- Shareholder opportunity for queries and comments

Before the date was set for the meeting, TISCO invited shareholders to submit questions regarding the Company and meeting agenda that require clarification by the Board of Directors and management at the meeting. Questions may be submitted in advance via fax or emailed to Investor Relations. At 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.

For the 2019 Annual General Meeting, 11 members of the Board of Directors were in attendance (100 per cent). TISCO Management Committee members, auditors and representatives from the Bank of Thailand 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 the 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 agenda items, the shareholders will be informed of the number and proportion of shareholders or proxies in attendance, their voting rights, total votes required for each agenda item and the voting process. 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 items and cumulative voting for the appointment of directors. The Company assigns inspectors to oversee and monitor the shareholders' meeting to ensure that the meeting is conducted with transparency and in compliance with the law and the Articles of Association. After the vote count is completed, voting results of each agenda item will be announced to the meeting, by specifying the number of "For", "Against", and "Abstain" votes.

The 2019 Annual General Meeting was conducted according to the Company's Articles of Association with no additional agenda items, no changes to the agenda order, and 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 clarity and transparency and in accordance with laws and the Company's Articles of Association. There were representatives of DIA Audit Company Limited to observe the registration and vote counting throughout the meeting.

For the election of directors, TISCO 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 directors.

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 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 has disseminated the minutes on its website and submitted 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 head office. In addition, TISCO has arranged for a recording of the shareholders' meeting. Shareholders who are interested may request a copy of the DVD from Investor Relations.

For the 2019 Annual General Meeting held on April 22, 2019, the Company reported the shareholders' meeting resolutions through the SET's information dissemination channel on the same day of the meeting and disclosed the minutes of the meetings on May 3, 2019, in compliance with the above-mentioned timeframe.

Regarding measures taken to prevent conflicts of interest, the Company has set a 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 four management whose ranks are below Top Management, any person holding equivalent

position of the fourth ranked management, and Accounting department managers must first file with the Company a report on his/her interest or related person's interest in relation to management of the Company upon appointment and within three working days of 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, the rules prohibit 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 four management whose ranks are below the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must report their securities holdings or change(s) of such or derivatives in TISCO, as well as those of their spouses, cohabitants, and any minor children, to the Office of Securities and Exchange Commission. This report on securities holdings must be filed within 30 days of the date of appointment and within 3 working days of 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 reports the director shareholdings and activities report to the Board for acknowledgement under the Audit Committee's activities.

The above-mentioned persons must file a copy of their report on securities holdings or derivatives with TISCO on the same date that the 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 the good corporate governance framework. 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 on a case by case basis. The Company shall consider said transactions with the same standards and 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 those 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, creditors, competitors, and society at large.

1. Shareholders

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

2. Employees

TISCO treats employees, permanent or contracted, fairly and with respect. They are compensated or rewarded based on an equitable performance evaluation system. They are equipped with the required standards of education and professional training, provided with health care benefits and work place safety, and protected from offence and misuse of their personal information.

3. Customers

TISCO strives to maintain a sustainable relationship with customers. TISCO fulfills its contractual commitments with customers by providing professional and practical solutions which are beneficial and worthwhile for customers in accordance with the highest standards and code of conduct without accepting any bribes or providing benefits in an improper manner.

4. Business Partners and Creditors

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

5. Competitors

TISCO operates its business with respect for free and 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, including support of cartels, monopolies, or criticism of other banks.

6. Social

TISCO recognizes its social responsibility and undertakes development initiatives to build a better society. TISCO is prudent when considering any action that may affect public interest. Furthermore, TISCO aims to promote financial inclusion and literacy as part of a healthy and strong society and supports activities beneficial to communities and the society.

7. Environment

TISCO recognizes the importance of a healthy environment and thus has rolled out environmental policy that builds a framework for environmentally-responsible business practices.

TISCO Group provides a variety of contact channels, including TISCO Contact Center, service counters, TISCO Group website, and TISCO dedicated functions. This includes the Investor Relations Function which is responsible for feedback from shareholders and the investor community while the TISCO HR Help Line is responsible for feedback from employees. Moreover, the Compliance Function has been assigned to receive suggestions, complaints or any other concerns related to TISCO business operations and regulatory matters. Significant issues shall be reported to the Compliance Committee for consideration. In cases of critical corporate issues, the Compliance and Operation Control Committee will preliminarily screen the issues before reporting them to the Audit Committee. The Compliance and Operation Control Committee will further review, advise upon, and report the issues and/or outcome to the Board of Directors. In addition, to protect the rights and privacy of claimants, the company has created a Whistleblowing Policy and operational procedures to handle claims from customers, employees and stakeholders. Comments, complaints or any information given will be protected and kept confidential.

Whistleblowing Policy

Reflecting its organizational commitment to transparency and fairness to all groups of stakeholders, TISCO Group has formulated a Whistleblowing Policy approved by the Board of Directors. The stipulations given therein include the Process for Accepting and Handling the Report of Improper Activities and availability of Reporting Channels for both employees and external parties. The policy is formulated to fairly treat all involved parties and encourage them to raise any serious concerns they may have about management instances of unethical behavior, actual or suspected, fraud, wrongdoing, malpractice or violation of the laws and regulations, including but not limited to misconduct.

TISCO Group provides avenues for all stakeholders to raise concerns, complaints or to report any improper activities which include but are not limited to infringement of the Business Code of Ethics.

Complaints or reports of improper activities can be filed by sending a letter to the Chairman of Audit Committee or Compliance Function at 48/49 TISCO Tower, North Sathorn Road, Silom sub-district, Bangrak district, Bangkok 10500. The availability of reporting channels is publicized through the corporate website of the Company.

TISCO Group provides a channel for employees to complain or raise concerns related to improper activities through the HR Help Line which has been thoroughly communicated via the organizational intranet. The process for dealing with complaints from employees through the HR Help Line includes consideration and investigation into whether the complaint concerns a wrongful act. Any actions, which reveal wrongdoing, unethical behavior, or violations of Code of Conduct by any employees will be processed according to disciplinary guidelines.

TISCO has measures to protect the rights of information providers and provides necessary safeguards for protection of employees from reprisals or victimization. In 2019, no significant complaint or ethical issue was noted.

Complaint Channels

- Channel 1** Complaints can be submitted at TISCO Bank's Head Office or branches directly to officers or by filling out a form and submit to officers.
- Channel 2** Mail to the address below:
Chairperson of the Audit Committee or 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 complaint to 0 2633 6800
- Channel 4** Post complaint on TISCO's website
- Channel 5** TISCO HR Help Line for employees

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.

Disclosure is conducted in Thai and English and made available through easily accessible 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 voting results for all resolutions from the annual general meeting and extraordinary general meetings.

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 on 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 assessment of 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 for certification of the accuracy of information in financial statements and 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 (Form 56-1), Annual Report, and Sustainability Report reflecting value-creating practices for a sustainable business.

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, individual remuneration, profiles 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 "Investor Relations". Furthermore, TISCO has set up numerous activities which provide updates on the Company's information as well as responses to inquiries from investors such as Quarterly Analyst Meetings, Press Conferences, One-on-One meetings and Investor

meetings, both local and international. The mentioned activities are participated in by senior management. Activities arranged in 2019 were as follows:

1. 4 Quarterly Analyst Meetings with approximately 60 persons attended each meeting
2. 1 Press Conference with approximately 37 media representatives attending
3. 1 SET Opportunity Day event, arranged by the Stock Exchange of Thailand, with approximately 20 analysts and investors attending the meeting
4. 23 Company Visits and 18 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 Singapore, Hong Kong, Malaysia and Japan. The details are as follows:
 - 5.1 15 Investor Conferences; comprising 8 local conferences and 7 international conferences, covering 167 investors in attendance

For more information, please contact Investor Relations at:

Address : TISCO Tower Floor 7, 48/49 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 Holdings in the Company and Report on their Conflicts of Interest.

4. Responsibilities of the Board

The Board of Directors is appointed by the shareholders to take overall responsibility for TISCO. These responsibilities include directing, approving, and overseeing the implementation of 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 responsibility for TISCO's business, risk strategy, and financial soundness as well as how TISCO organizes and governs itself. *(See Roles and Responsibilities of the director positions mentioned above in Part 8 Management Structure)*

Given the above responsibilities, TISCO has a policy to select a Board that possesses, both as individual board members and collectively, appropriate and diverse experience, relevant competencies and personal qualities, including professionalism, personal integrity, ability to make independent and analytical inquiries, and a sufficient understanding of its business.

4.1 Board Structure

Structure, director composition and nomination practices, and independent directors, executive directors, and directors nominated by major shareholders have been thoroughly examined in order to ensure the appropriateness of the Board's composition.

Board members are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, ability to make independent analytical inquiries, understanding of TISCO Group's business environment, and alignment with TISCO Group's strategy. 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, non-executive directors, directors who are part of management, and directors nominated by major shareholders to ensure the appropriateness of the Board's composition. In addition, term of office for TISCO's directors is one 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 importance of their roles and to be in compliance with the Bank of Thailand regulations, directors, managers and persons with controlling power are allowed to assume the position of Chairman, executive director, or director with signatory authority in no more than three listed companies and hold the directorship, management, authorized person or advisor who possesses director duties within five locally and internationally listed companies, excluding listed companies from debt restructuring. Directors and management should avoid other positions or jobs that may lead to conflicts of interest with the Company.

In achieving transparency and the proper balance of power, the Chairman of the Board shall be independent directors and/or non-executive directors. In addition, the Chairman of the Board shall not be a member in any other committees. This is to ensure independent views of the committees. The Chairperson of the Audit Committee must not be Chairman of the Board, Nomination and Compensation Committee and/or Risk Oversight Committee. Moreover, the Board must clearly separate its roles and responsibilities from those of management to ensure a proper balance of power and avoiding a situation whereby a single individual has absolute power in decision making. For example, the Chairman of the Board 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 Risk Oversight Committee, the Audit Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee. Each committee will have a proper structure as well as guidelines for composition and selection criteria. They also have their own written charter that sets out mandates, operating policies and guidelines.

TISCO assigns the Corporate Secretary the responsibility of taking care of the Board's activities, monitoring compliance with the Board's resolutions, handling Board Meetings and shareholders' meetings on matters concerning notice, meeting minutes, and other duties as required by the related laws and regulations of the governing authorities.

Moreover, to be in compliance with the Securities and Exchange Act B.E. 2535, the Company has 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 involved persons to the Corporate Secretary. Once any changes to the information are made, the Corporate Secretary is responsible for restoring the data and reporting the changes to the Chairman of the Board and Chairperson of the Audit Committee.

The Board of Directors contributes to two roles: operations and corporate governance. Priority is given to the Company's strategy, including monitoring and controlling the Company's operations to ensure key policies are sufficiently and effectively carried out and in accordance with the applicable laws and regulations.

(1) Operations Role – The Board as Strategy and Policy Maker

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 TISCO Group. Short-term business plans should outline specific and measurable targets which management adheres to and which are evaluated at regular intervals. Any significant departures from such plans should be carefully considered and approved well in advance of their implementation. The planning process should also include alternative strategies to meet unanticipated operational contingencies as they occur, avoiding unnecessary risk.

The Board shall establish strict operational policies designed to regulate personnel administration, financial disclosure, auditing and investments. These must be consistent with the institution's long-term and short-term strategic plans to ensure that the company operates its business as assigned. 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 the institution's 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. Policies should hence be flexible. When required, they should extend to cover new or improved practices and adapt to changing business conditions.

Having clearly written policies prevents miscommunication. In an increasingly competitive financial services market, there is no place for avoidable errors due to miscommunication of policy. Newly introduced activities should not be undertaken without proper implementation of policy. The Board should specify appropriate procedures for monitoring and reporting risk activity.

In implementing policies, clear standards of performance should be communicated through all levels in TISCO Group, providing a single, authoritative source of reference. The Board should establish 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 emphasizes effective operation under good corporate governance; related party transactions or transactions that may cause conflicts of interest are generally unsupported across TISCO Group. The Audit Committee shall thoroughly review and report and/or propose such transactions to the Board for approval, on a case by case basis. TISCO will consider the mentioned transactions as normal business transactions - those which may be within the scope of conflict of interest shall be disqualified from approval.

(2) Corporate governance role – Board Oversight

Although the Board delegates a substantial part of its administrative function, including day-to-day operations, to a full-time management team, in fulfilling its compliance roles, it 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, and legal and regulatory frameworks. Directors should also be aware of the potential liabilities imposed on them by laws or regulations and ensure that TISCO Group has appropriate policies and procedures in place to maintain compliance. Directors should also be aware and keep themselves updated on local, regional, national, and international financial trends and any statutory and/or regulatory changes affecting TISCO Group.

Management shall present reports to the Board on status and operating results, including financial information, loan risk management, liquidity, market trends, investment, assets and debts, and legal and regulatory compliance as these are vital in ensuring the Board can properly oversee the company's operations. The Board shall review those reports and information with due care in order to be aware of signals such as regression in operating results, increasing risks, management abuse of power, internal control issues, breach of laws and regulations, and other matters affecting reliability and accuracy of reports.

The Board should be regularly provided with management reports and briefed on the business environment, market trends, industry benchmarks, regulatory changes and macro-economic indicators. Management should promptly alert the Board to any competitive threats, business opportunities, changes within the industry, and political procedures that may impact the institution, as well as information which would assist the Board in strategic planning, setting policy, or monitoring operations or business performance. The Board may also request TISCO Group's counsel periodically review statutory and regulatory provisions and brief the Board on legal developments relevant to TISCO Group's activities.

The Board should ensure that management has identified potential risks and 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 the risk management strategies ultimately implemented by senior management

TISCO Group must 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 the company complies with all relevant laws and regulations and to highlight potential or actual breaches, if and when they occur. The Board and senior management must consistently demonstrate through their actions and behavior that they have a strong commitment to implement effective compliance control throughout the institution.

4.2 Board Performance Self-assessment

In order to improve its performance, the Board of Directors has formulated a self-assessment process once a year to assess Board performance and resolve any issues they may have as a whole and on an individual director level. The assessment is based on self-evaluation against a benchmark system set in advance. 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 ensure the appropriateness of the Board's composition and Board performance, in accordance with 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 2019, the Nomination and Compensation Committee divided the self-assessment into two forms: whole and individual self-assessment and a cross-assessment. Approval was granted by the Board of Directors.

The Director's Individual Cross-assessment randomly paired directors' names for evaluation. The Corporate Secretary sent out the following assessments:

1. The Board of Director Performance Self-assessment as a whole, comparing compliance with best practices and efficiency, as in;
 - a) Board Policy
 - b) Board Performance
 - c) Board Structure
 - d) Board Style
 - e) Board Meetings
 - f) Board Members
2. The Director's Individual Self-Assessment and Cross-Assessment
 - a) Board structure and qualifications
 - b) Board meeting
 - c) Roles, duties and responsibilities of the board

The Corporate Secretary subsequently collected all assessments within the schedule for the evaluation.

The Nomination and Compensation Committee, as proposed by the Corporate Secretariat Office, reported the assessment results to the Board for acknowledgement, discussion, and recommendations for improved efficiency at the Board of Directors' Meeting No. 1/2020 held on February 25, 2020.

Results for 2019 indicated that Board Performance, Board Structure, Board Members, Board Policy, Board Performance and Board Meetings were up to best practice standards. As for the efficiency, almost all of board members rated "Excellent" or "Satisfactory" for effective ratings in all six areas of assessment.

As for the Self-Assessment and Cross-Assessment, "Excellent" or "Satisfactory" ratings were given for the topics of knowledge and experience of board members and useful comments were given during the meeting for further improvement.

In 2019, the Board of Directors also formulated performance self-assessments for all sub-committees, specifically the Executive Board, the Risk Oversight Committee, the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee. The self-assessments are conducted annually and the results were presented at the Board of Directors' Meeting No. 1/2020 held on February 25, 2020. In addition, the 2019 performance self-assessments of each committee are disclosed as part of the committees' reports in Annual Registration Statements (Form 56-1) and the Annual Report.

Recognizing the importance of transparency in determination of a Director's independence and to provide greater clarity for the benefit of shareholders and stakeholders, the Board reviewed and approved the **Policy on Assessing the Independence of Directors** on August 28, 2019, in order to make determinations for all independent directors annually, in addition to those whose term of service as independent director falls under the 9-year presumption of non-independence. Each Independent Director was evaluated by every director. Assessments were kept and compiled secretly by the Company Secretary to prevent conflicts of interest and were proposed to and considered by the Nomination and Compensation Committee. The assessment of the independence of six independent directors, namely Mr. Pliu Mangkornkanok, Assoc. Prof. Dr. Angkarat Priebjivat, Prof. Dr. Pranee Tinakorn, Mr. Sathit Aungmanee, Dr. Charatpong Chotigavanich and Dr. Kulpatra Sirodom, revealed that their independence is still effective.

4.3 Remuneration

To ensure transparency and propriety of duties, the Board of Directors assigns the Nomination and Compensation Committee to formulate director remuneration policies with transparent criteria. Director remuneration shall be commensurate with duties and responsibilities. Directors who are assigned extra work shall 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 given to work experience, expertise, commitment, as well as the contributions or benefits each director brings. Such criteria should help avoid excessive payment.

4.4 Board and Management Training

It is TISCO Group's policy to encourage regular training and educational activities for directors. The Company has arranged membership in the Thai Institute of Directors Association for all directors in order to help them stay abreast of news and updates as well as trainings beneficial to directorship in a listed company. Training schedules shall be regularly notified to the directors in advance.

When a new director is appointed to the Board, senior management will arrange for an orientation on TISCO Group's business operations and past performance to provide a clear understanding and enable the director to fully perform his/her duties. The Company shall also provide a copy of the Director's Manual and the Corporate Governance Policy to such directors.

Each director has already completed programs related to the roles and responsibilities of directors. Nine out of twelve (75 per cent) of the Board of Directors attended training programs and seminars to enhance knowledge and skills in 2019. Details are as follows:

Name	Training Program
1. Mr. Pliu Mangkornkanok	Public Training <ul style="list-style-type: none"> • Independent Director Forum 1/2019: Tips and Tricks for Dealing with Questions in AGM, Thai Institute of Directors
2. Mr. Suthas Ruangmanamongkol	In-house Training <ul style="list-style-type: none"> • Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd. • Culture of Innovation at Google, Google Inc.
3. Associate Prof. Dr. Angkarat Priebjivat	Public Training <ul style="list-style-type: none"> • DCP Series 4/2019 : How to Develop a Winning Digital Strategy, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd.
4. Prof. Dr. Pranee Tinakorn	In-house Training <ul style="list-style-type: none"> • Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd.
5. Prof. Dr. Teerana Bhongmakapat	Public Training <ul style="list-style-type: none"> • Risk Management Program for Corporate Leaders (RCL 15/2019), Thai Institute of Directors

Name	Training Program
	In-house Training <ul style="list-style-type: none"> Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd.
6. Dr. Charatpong Chotigavanich	Public Training <ul style="list-style-type: none"> Boardroom Success through Financing and Investment (BFI 7/2019), Thai Institute of Directors Financial Statements for Directors (FSD 39/2019), Thai Institute of Directors IT Governance and Cyber Resilience (ITG 10/2019), Thai Institute of Directors Risk Management Program for Corporate Leaders (RCL 15/2019), Thai Institute of Directors Director Certification Program, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd.
7. Dr. Kulpatra Sirodom	In-house Training <ul style="list-style-type: none"> Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd. Culture of Innovation at Google, Google Inc.
8. Mr. Satoshi Yoshitake	Public Training <ul style="list-style-type: none"> Director Accreditation Program, Thai Institute of Directors
9. Mr. Sakchai Peechapat	In-house Training <ul style="list-style-type: none"> Understanding Thailand Data Protection Law and its unintended consequence, ACIS Professional Center Co Ltd

In addition, board members and top management attended other training programs and seminars in 2019, as presented in Attachment 1.

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 two parts: Financial KPI and Non-Financial KPI. The KPIs set are in alignment with the Company Vision Mission and short-term, middle-term, and long-term goals of the Company in considering the business situation and environment.

To ensure effectiveness of the assessment, the Nomination and Compensation Committee will arrange 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, the performance assessment of TISCO Group's Chief Executive will take into consideration the assessment result from the Chairperson of each sub-committee, namely the Executive Board, the Risk Oversight Committee, the Audit Committee and the Corporate Governance Committee, together with the assessment from the Nomination and Compensation Committee. The assessment result will be reported at the Board of Directors' Meeting.

4.6 Succession Planning

To ensure stability and continuity in TISCO Group business operations, successors are determined for all key positions. The Board of Directors assigns the Nomination and Compensation Committee to oversee preparation of a Top Management succession plan. Said plan shall be regularly reviewed as appropriate. For other senior management positions, Top Management and the Human Resources Function shall review and evaluate the successors for the Nomination and Compensation Committee's approval by considering factors such as qualifications, knowledge, ability, experience, and evaluations of qualified management.

5. Integrity and Ethics

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

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

- a) Compliance with applicable laws and regulations.
- b) Conflicts 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.

9.2 Other Committees

To optimize the efficiency of its corporate governance and maintain a high performance standard, the Board of Directors delegates committees to take on tasks that require detailed review or in-depth consideration. Such committees, including the Executive Board, the Risk Oversight Committee, the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee, and others as 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, scope of operation, composition of the committee, experience and expertise of each director, and compliance with the Principles of Good Corporate Governance. The scope of authority given to other committees shall exclude approval for conducting transactions in which a committee member has or may have a conflict of interest.

The Board of Directors is accountable for clearly defining and separating the roles and responsibilities of the Board of Directors, the Executive Board, the Risk Oversight Committee, the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee as detailed below. (*Details of Management Structure are described under Section 8*)

The Executive Board is authorized to act in operational matters that require in-depth consideration of policy, procedural issues, and human resources and administrative issues, which include 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 need 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.

The Executive Board consists of four Executives Directors appointed by the Board, namely Mr. Suthas Ruangmanamongkol as the Chairman of the Executive Board, Mr. Chi - Hao Sun (Howard Sun), Mr. Satoshi Yoshitake and Mr. Sakchai Peechapat.

The Risk Oversight Committee is responsible for overseeing the effectiveness of risk management practices while ensuring the risk management strategies and action plans are in line with approved risk management policies, strategies and appetite.

The Risk Oversight Committee consists of four Directors appointed by the Board, namely Prof. Dr. Teerana Bhongmakapat as the Chairman of the Risk Oversight Committee, Dr. Charatpong Chotigavanich, Mr. Sakchai Peechapat and Mr. Chatri Chandrangam.

The Audit Committee provides independent oversight and review of financial reports, internal controls and audits, and compliance of TISCO Group business activities with 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 are fair in presentation and to make timely disclosures to investors. The Audit Committee engages as an independent auditor of TISCO to audit the financial statements prepared by

management and issue an opinion on whether 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 in accordance with 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 consists of three Independent Directors appointed by the Board, namely Associate Prof. Angkarat Priebjrivat as the Chairperson of the Audit Committee, Mr. Sathit Aungmanee and Dr. Kulpatra Sirodom. All members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements. *(See Attachment 1 Details of Director, Management, control persons, and Company Secretary)*

The Nomination and Compensation Committee is charged with the responsibility of overseeing directors and the top management nominating policies and criteria of TISCO Group, including identifying qualified candidates for directorships, Chairman and Vice Chairman of the Board, Chief Executive Officer ("CEO"), subcommittees, and senior management (i.e. MC and one further level down) to the Board and/or committees whose functions, responsibilities and authorities are directly given by the Board. It nominates candidates for board members and CEOs/Presidents of subsidiary companies, which are directly supervised by financial and capital market regulators, and submits them for acknowledgement by TISCO's Board. These subsidiaries are TISCO Bank, TISCO Securities and TISCO Asset Management. TISCO's Nomination and Compensation Committee adopts and oversees the implementation of selection and compensation policies for the Board and management. It also establishes goals for performance-based compensation and determines the compensation of the Group CEO and senior management to create long-term value for the company.

The Nomination and Compensation Committee consists of four Directors appointed by the Board, namely Prof. Dr. Pranee Tinakorn as the Chairperson of the Nomination and Compensation Committee, Mr. Hon Kit Shing (Alexander H. Shing) Mr. Sathit Aungmanee and Dr. Kulpatra Sirodom.

The Corporate Governance Committee establishes Corporate Governance Policy and Code of Conduct including communication to directors, management, and employees, oversees the practices of the Board of Directors, Board committees, and ensures management is in compliance with the Corporate Governance Policy, Code of Conduct, and related laws and regulations.

The Corporate Governance Committee consists of three Directors appointed by the Board, namely Prof. Dr. Teerana Bhongmakapat as the Chairman of the Corporate Governance Committee, Prof. Dr. Pranee Tinakorn, and Dr. Charatpong Chotigavanich.

Specific-Area Committees of TISCO Financial Group

- The TISCO Management Committee comprises senior management of key business and control areas of TISCO Group appointed by the Nomination and Compensation Committee with proposal from the Group CEO and ratification by the Board of Directors. The Management Committee is responsible for formulate TISCO Group's business strategy, financial goals, business plan, including annual budget, and to ensure that operations are in accordance with strategies and business plan and are in compliance with Corporate Governance Policy and related regulations.
- The TISCO Risk Management Committee comprises senior management of key business and control areas of TISCO Group. The committee is appointed by the Group CEO to determine overall risk management policies, risk limits and strategies of the Group. TISCO's Risk Management Committee proposes risk management policies and strategies, as well as reports risk monitoring results to the TISCO Executive Board and TISCO Board regularly.
- The Compliance and Operation Control Committee is appointed by Group CEO to review operational productivity, risks, and control activities, and to ensure an optimal level of operations that promotes both operating efficiency and adequate risk controls. The TISCO Compliance & Operation Control Committee ensures that TISCO complies with related laws and regulations and that internal controls across TISCO Group

are effective, and reviews and determines mitigation plans and actions in response to significant operational risk incidents.

- The IT Risk Management Committee is appointed by Group CEO to determine IT Risk Management Policies as an integral part of the Enterprise Risk Management Policy of TISCO Group. The committee ensures compliance in IT processes with related laws and regulations and the IT Risk Management Policies. The committee promotes effective IT risk management processes across TISCO Group and oversees, monitors, and controls IT risk management activities and key risk indicators, as well as key IT strategies and projects from a risk perspective.
- The Technology and Infrastructure 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 infrastructure, including core servers, application architecture, MIS, and 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.
- The 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 Committees 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 management in the bank's various business units. The TISCO Bank Risk Management Committee reports to the TISCO Risk Management Committee under the Guidelines on Consolidated Supervision of the Bank of Thailand.

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 Credit Review function regularly reviews compliance with the credit approval guidelines and procedures.
- The Problem Loan Committee of TISCO Bank ensures adoption and implementation of problem loan and provisioning policies and strategies. It is also responsible for effective implementation of policies, guidelines and control procedures for review, handling and monitoring problem loan accounts in compliance with TISCO Group policies and guidelines. The Problem Loan Committee report problem loans, provisioning activities and all significant issues to the TISCO Executive Board and to TISCO Risk Management Committee on a regular basis.

9.3 Directors and Management Selection Guidelines

9.3.1 Director and Independent Director Nomination

The Nomination and Compensation Committee shall, upon considering the Company's needs and good corporate governance, identify and propose qualified nominees with knowledge, expertise, experiences in accordance with TISCO Group's strategy, and sufficient understanding of banking and finance, including securities, economics, law, Information Technology or any other fields deemed appropriate to the Board's structure so as to ensure a variety of opinions in the Board. This includes diverse Board Composition in terms of age, sex, knowledge, expertise, experience, and other key qualifications in order to generate healthy divergence of opinions and share judgments on business matters. Number of Independent Directors is set to be more than Non-Executives while the number of directors nominated by each major shareholder shall be in accordance with shareholding proportion for the

appropriate balance of power and authority. The Nomination and Compensation Committee shall consider recommendations from minority shareholders on the nomination of directors or independent directors, in accordance with the Company's criteria as specified under Section 9.1.

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

1. 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 half of the directors are domiciled in Thailand. In addition, the number of directors who are persons of Thai Nationality shall be in compliance with related laws.
2. The general meeting of shareholders shall elect directors in accordance with 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 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, at 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 the number of votes for candidates would result in a tie or would cause the number of directors to exceed the limit, 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, 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 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 a 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. Likewise, 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 a vote of not less than three-fourths of the number of shareholders who attend the meeting and have the 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 the 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 the 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 for selection should generally include consideration of the candidates' character, technical competence, and employment experience in the financial services field. Successful candidates 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 Directors

A person to be nominated or appointed as an independent director must comply with the rules of the Bank of Thailand, the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand, including qualification requirements as defined in the policy and guidelines of TISCO's Corporate Governance, all of which are summarized below.

- (1) Holding shares not exceeding 0.50 per cent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate 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 a non-independent Director of TISCO, its subsidiary and affiliate, same-level subsidiary, or juristic person who may have a conflict of interest within the last two (2) years.
- (3) 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, affiliate, or juristic person who may have conflicts of interest within the last two (2) years.
- (4) Not being a person related by blood or registration under laws, (such as father, mother, spouse, sibling, and child, including spouse of the children) of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
- (5) Not having a business relationship as specified by the Capital Market Supervisory Board with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in a manner which may interfere with independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest within the last two (2) years.
- (6) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person 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, affiliate or juristic person who may have conflicts of interest within the last two (2) years.
- (7) 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, affiliate 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 within the last two (2) years.
- (8) 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.
- (9) Not undertaking any business in the same nature or in competition with 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 percent of the total number of shares with voting rights in another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary companies.
- (10) Not being an independent director for more than 9 (nine) consecutive years in TISCO or its subsidiaries. This excludes those who were appointed as Independent Directors before 23 June 2018; such directors can be Independent Directors for more than 9 (nine) years, effective until 1 May 2022.

- (11) 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 a provider of any professional service by an Independent Director over the past accounting period¹

- None -

9.4 Corporate Governance of Subsidiary Companies and Joint Companies

TISCO Group, comprising TISCO and its subsidiaries, operates as a single entity to ensure good governance and effective synergies between Group resources. The operating structure between TISCO, the parent company, and all subsidiaries, is framed in such a way as to provide coherent business direction and ensure good governance of equal standards across entities. In this regard, TISCO, the parent holding company, serves as the governing company, and defines policies and standards as well as common corporate strategies to all companies in the group. TISCO also centralizes all key control and support functions within the Group. Subsidiary companies serve as strategic business units which are responsible for the roles of Marketing & Sales, Customer Relations, and Transaction Processing and Credit Control.

As the governing company, TISCO will define Group strategic directions, business plans, as well as resource allocations of all subsidiary companies. Although the Group strategic plan involves both top-down and bottom-up processes, TISCO's Board of Directors ultimately holds the authority to approve the Group's business model, corporate strategies, business plan, and financial budgets, which are applied on a Group consolidated basis.

Through the authorities provided in this Corporate Governance Policy, TISCO will appoint the Board of Directors and Board committees, if applicable, of all subsidiary companies, as well as define their business policies and strategies. Significant business activities will also require approval by TISCO. TISCO will monitor on an ongoing basis the business performance and all significant matters of subsidiary companies, in accordance with the corporate strategies and business plan approved by TISCO's Board of Directors.

All support and control functions will be centralized at TISCO in order to create good governance standards, promote synergies, and maximize the operating efficiency and effectiveness of TISCO Group operations. These centralized operations cover the areas of governance, strategy & planning, finance & accounting, risk management, credit controls, internal control & compliance, human resources, as well as business development and process improvement activities. Centralized policies will be set up on these aspects for application across all subsidiary companies. Subsidiary companies serve as strategic business units which focus on various financial services. The key roles of strategic business units consist of sales & marketing, customer relationships, and delivery of products and services to customers. The companies also have their own transaction processing and credit controls. The subsidiary companies will operate their businesses within the policies, guidelines and strategic directions given by TISCO, the parent holding company. Ongoing monitoring and feedback of the performance and key business activities of all subsidiaries will be carried out and reported to the TISCO Board of Directors, as well as supervision of key decision making and controls. As a guiding principle, all key decisions regarding investments or divestments, asset acquisitions or disposal, business joint ventures or strategic alliances by subsidiary companies shall be approved by TISCO.

In addition, the Company has transferred certain Management Committee and management supervising 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 a full-time basis. This is to ensure that they devote their time to effectively manage subsidiary companies under the TISCO Group strategy and plan approved by the Board of Directors.

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)

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 has seconded to manage the subsidiary companies have been clearly set. Follow-up procedures are set for subsidiaries to ensure prompt disclosure of any important information, in accordance with relevant laws and regulations, and to ensure that the subsidiaries are sufficient and appropriate for the internal control system, including ensuring Directors and Management fulfill their duties and responsibilities in accordance with the governing laws and regulations. As stated, the Board of Directors has delegated its monitoring and supervising roles to certain Management and sub-committees. Details on the scope of authorities, duties and responsibilities of Sub-Committees are shown in subtopic 8.1 and 9.2. For subsidiary companies' related party transactions 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, approval must be sought from the Board of Directors or at the Shareholders' Meetings prior to conducting such transactions. The Company strictly follows the regulations of the Stock Exchange of Thailand, Notifications of the Securities and Exchange Commission, and relevant Notifications of the Capital Market Supervisory Board regarding any related party transactions and any transactions that may cause conflicts of interest.

9.5 Control of Internal Information

TISCO Group determines best practices for employees to carry out their duties with integrity, fairness, compliance with related rules and regulations, confidentiality towards customers, and no preference to pursue personal opportunities over TISCO Group's responsibilities, including making no use of non-public information or disclosing information to persons outside of TISCO. 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 in the creation of the Company's compliance manual.

With respect to TISCO Group's regulations governing employee securities trading, the Group requires management and employees open trading accounts with TISCO Securities, its subsidiary. In this regard, employees must report transactions to the Compliance function. Furthermore, the Group prohibits senior management and insiders from trading the Company's shares within seven working days of the last day of the month until two days after the Company's monthly financial statements or concise assets and liabilities statement are published. A Director privy to important information about TISCO that has not been disclosed to the public must keep such information confidential. It is a violation of the law to purchase or sell TISCO stock on the basis of such important non-public information. Directors may not do so and may not provide such information to others for that or any other purpose. Directors shall maintain the confidentiality of any non-public information learned in the performance of their duties on behalf of TISCO, except when disclosure is authorized or legally mandated. Directors shall disclose to TISCO the securities trading accounts of themselves and their related persons for the purpose of monitoring and preventing the use of non-public information. Directors shall notify the Corporate Secretary at least one day before dealing in any TISCO shares, in accordance with the Corporate Governance Policy.

Penalties shall be imposed for any breach and use of non-public information for one's own benefit as determined in the Company's regulations.

9.6 Auditor's Fee

9.6.1 Audit Fee

Audit fee paid to EY Office Limited for the Company and its subsidiaries for 2019 amounted to Baht 10,040,000, decreased 3.0% year on year due to discontinuation of operations of All-Ways Co Ltd after the completion of the credit card portfolio sale.

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

9.6.2 Non-Audit Fee

TISCO Group paid non-audit fees in 2019 amounting to Baht 520,000 to EY Office Limited. These fees were for the review of the reevaluation of TISCO Office Condominium Units.

9.7 Implementation of the 2017 Corporate Governance Code for Listed Companies

The Company has reviewed the Corporate Governance Policy at least once a year by the Corporate Governance Committee. The Company adopted most principles and proposed them to the Board of Directors' Meeting No.7/2019 for acknowledgement. As of December 16, 2019, the Company is in the process of reviewing the Corporate Governance Policy to be in alignment with the 2017 Corporate Governance Code ("CG Code") for Listed Companies as prescribed by the Office of Securities and Exchange Commission and the Banking Industry Code of Conduct set by the Thai Banker's Association. Having assessed TISCO Group's compliance with the CG Code in detail, and in comparison with the TISCO CG Policy and actions, it was determined that TISCO Group has a policy, measures, and work processes that align with CG Code guidelines. In addition, TISCO Group's CG system is developed to suit its business growth and the trends among international leading companies. The Board has also received some CG Code guidelines which are in the process of being applied to the Company, as seen below.

CG Code Guidelines	Explanation
1. The company should appoint an external consultant to set guidelines and provide recommendations for a board assessment at least once every three (3) years. This information should be disclosed in the Annual Report	The Board of Directors agreed with the Corporate Governance Committee that the current assessment TISCO perform is appropriate. However, there might be an external advisor in the future.
2. The Board should establish a policy that the tenure of an independent director should not exceed a cumulative term of nine (9) years from the first day of service. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence	The Nomination and Compensation Committee as delegated by The Board of Directors has set up a Policy on Assessing the Independence of Directors whose tenure has exceeded nine years. The Board will announce a policy limiting the tenure of an independent director to not exceed a cumulative term of nine (9) years after May 1, 2022, in accordance with the Corporate Governance of Financial Institutions announcement from the Bank of Thailand

9.8 The comparison of information adjustment from Bank of Thailand, the Securities and Exchange Commission of Thailand and Office of Insurance Commission.

- None -

10. Corporate Social Responsibility

Sustainable Business Practices

Determined to develop and operate a sustainable business, TISCO Group fulfills its responsibilities to all stakeholders under the umbrella of good corporate governance. Backed by 50 years of experience, the Group seeks value creation for society and the environment and gears operations towards Sustainable Banking. TISCO has formulated a Sustainability Framework for enterprise-wide adoption that is used for defining sustainability topics, in accordance with the concerns of stakeholders, covering the Environmental, Social, and Governance aspects (ESG). The Sustainability Framework, approved by the Management Committee, has been integrated into core business operations and is in alignment with the Corporate Mission. Moreover, it is an integral part of the Sustainable Development Goals (SDGs) announced by the United Nations.

TISCO's 3-year Sustainability Roadmap addresses the concerns of each stakeholder group by setting both short-term and long-term targets. The Sustainability Framework is subject to annual review to ensure that the action plans remain focused on sustainability topics relevant to each stakeholder group. The Sustainability Framework is divided into three categories of core-related activity, as follows below:

- 1) To promote responsible financial products and services (Marketplace)
 - Upgrading financial products to be friendly to both environment and society, under good governance
 - Achieving customer satisfaction and recognition
 - Focusing on Risk Management
- 2) To be a responsible financial institution with good governance (Workplace)
 - Corporate governance
 - Compliance with good governance principles and delivery of fair customer services
 - Guidelines on new products & new work processes
 - Anti-corruption
 - Environmentally friendly supply chain
 - Responsibilities towards employees
- 3) To act responsibly towards both the community and environment (Community & Environment)
 - Economic promotions & comprehensive access to financial services
 - Social well-being promotions
 - Environmental impact management

The details of TISCO's sustainable development operations are disclosed in Sustainability Report 2019. The Report was prepared in accordance with the GRI Standards and Financial Services Sector Disclosures of Global Reporting Initiative (GRI). The contents present organizational information, management guidelines, sustainability topics and key performance indicators from 2019, including economic, social, and environmental aspects and in consideration of relevance and value contribution to all stakeholder groups. The Report also shows linkage between the organization's performance and the United Nations' Sustainable Development Goals 2030.

Anti-Corruption

TISCO Group emphasizes and is committed to undertaking transparent financial businesses which adhere to the principles of good corporate governance as well as anti-corruption guidance. Integrity is an integral part of the Group's core values and is instilled in all employees through guidance both on site and in the Compliance Manual. In addition, Anti-Corruption Policies and Anti-Corruption Guidelines have been formulated and are regularly revised. The details of the Anti-Corruption Policy are officially disclosed on our website for all stakeholders to access. (<https://www.tisco.co.th/th/sd/csr/goodgovernance.html#anticorp>)

The activities relating to the anti-corruption program are summarized below:

- 1) Signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption in 2010. TISCO was re-certified for the third time as an ally of the Thailand's Private Sector Collective Action Coalition Against Corruption on October 18, 2019 (first certification on October 8, 2013).
- 2) Launched Anti-Corruption Policies and Anti-Corruption Guidelines to prevent and minimize potential vehicles of corruption. The policies and guidelines are appropriately revised on a regular basis in accordance with the good practices of the banking industry to ensure accuracy and effectiveness of the stipulations stated therein. The policies and guidelines are also regularly communicated to all staff through several dedicated channels, i.e. announcements on the intranet, e-learning, and clarification of an arranged meeting whenever there are key amendments. Guidelines based on the key principles of the Anti-Corruption policy have been included in the Compulsory KPI evaluation report.

- 3) Strengthened the gift receiving guidelines to be more stringent by prohibiting reception of gifts from customers, suppliers or business partners. In certain difficult cases, all received gifts are subject to delivery to any charity organizations or TISCO Foundation, on behalf of the givers, for charitable use, as deemed appropriate. TISCO Group has publicized the No Gift Policy on the corporate website and also submitted letters to seek cooperation from customers, suppliers or business partners.
- 4) Formulated a Whistleblowing Policy and provided appropriate channels of communication to employees and other stakeholders to report suspicious activities in confidence and without risk of reprisal; designated officers are tasked with investigating all reports received.
- 5) Conducted annual corruption risk assessment and reported its result to the relevant committee for consideration.
- 6) With respect to combating corruption:
 - a) Submitted invitations to all active suppliers to join an anti-corruption network and agree to the Supplier Code of Conduct which incorporates anti-corruption as a central tenet.
 - b) Regularly promotes Anti-Corruption through various activities with other organizations. For example, TISCO participated as a representative of the private sector at "Join Forces Volunteer to Fight Cheating" on December 6, 2019 at the convention hall, Bitec Bangna.
- 7) Disclosure of the Anti-Corruption Progress Assessment. At present, TISCO Group is certified as a member of the Private Sector Collective Action Coalition Against Corruption and is ranked at assessment level 4. TISCO is preparing to upgrade to level 5 by extending anti-corruption practices to counterparties and business partners.
- 8) In regard to the Securities Company and Asset Management Company, subsidiaries within TISCO Group, they are also providing support on the prevention of involvement with corruption.
 - a) TISCO Securities Co., Ltd., which undertakes a research business for listed companies, discloses the Anti-Corruption Progress Indicator of such listed companies in its research publications in order to provide supportive information for investors.
 - b) TISCO Asset Management Co., Ltd., disclosed the Anti-Corruption Progress Indicator in the fund fact sheet. Factors such as the Anti-Corruption Progress Indicator and Private Sector Collective Action Coalition Against Corruption certification will be taken into account when considering investment for funds under management of the company.

Honors and Awards in 2019

In 2019, TISCO was honored with several awards and recognitions from various institutes at both the national and international levels. These reflected TISCO's commitment to developing products and services which benefit all groups of stakeholders while maintaining good corporate governance and social and environmental responsibility, all of which have been crucial to sustainable development throughout the Company's 50-year history. Our accolades include:

National Level

Operating Results

Best Company Performance (2nd consecutive year)

TISCO Financial Group Plc. won the **Best Company Performance Award** in the category of listed companies with market capitalization between 30 billion - 100 billion Baht from the Stock Exchange of Thailand (SET) at the SET Awards 2019. This was the second year in a row that the Company won the award, thanks largely to its impressive business performance, good corporate governance and full compliance with the SET on data disclosure and balance sheet quality.

Board of the Year Awards

TISCO Financial Group Plc. received the Board of the Year Awards 2018 - Gold, the highest award in the category of listed companies with a market capitalization value of 30 billion – 100 billion baht at the IOD National Director Conference 2019. The award was granted on the basis of the committee performing its duties effectively. The IOD National Director Conference 2019 was organized by the Thai Institute of Directors Association (IOD) in collaboration with the Stock Exchange of Thailand, Board of Trade of Thailand, the Federation of Thai Industries, Thai Bankers Association, the Thai Listed Companies Association and the Federation of Thai Capital Market Organizations.

DRIVE AWARD 2019

TISCO Financial Group Plc. won the DRIVE AWARD 2019, Financial Excellence from MBA Alumni of Chulalongkorn University's Faculty of Accounting. The award is given to an organization whose outstanding work played an important role in driving economy and society.

Outstanding Asset Management Company

TISCO Asset Management Co., Ltd. received the Outstanding Asset Management Company Award 2019 at the SET Awards 2019 organized by the Stock Exchange of Thailand and Banking and Finance magazine. It won for

overall outstanding performance in offering funds that are suitable for investors with strong return from fund management and compliance with the rules and regulations.

Good Corporate Governance

Thailand Sustainability Investment (3rd consecutive year)

TISCO Financial Group PLC. was selected for the list of Thailand Sustainability Investment (THSI) 2019 by the Stock Exchange of Thailand (SET). TISCO has made it onto the list for three consecutive years, underlining the company's commitment to sustainable growth through comprehensive risk management, innovation-driven competitiveness, ethical business practices, and social and environmental responsibility, in line with the prescribed sustainable development guidelines.

Excellent CG Scoring (12th year)

TISCO Financial Group PLC. was rated as "excellent" and ranked in the Top Quartile of listed companies with market capitalization of over 10 billion Baht for the 12th consecutive years in recognition of its outstanding CG Report as assessed in the 2019 CG report conducted by the Thai Institute of Directors Association (IOD).

CAC (3rd consecutive year)

TISCO Financial Group PLC. and subsidiaries including TISCO Bank PLC., TISCO Securities Co., Ltd. and TISCO Asset Management Co., Ltd. received certification from Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) for the third consecutive year.

ESG100 (5th consecutive year)

TISCO Financial Group PLC. ranked among Top 100 companies on the ESG100 list for its impressive Environmental, Social, Governance (ESG) performance for the fifth consecutive year or since the Thaipat Institute started compiling the ESG100 in 2015.

Excellent Shareholders' General Meeting 2018 Certificate (5th consecutive year)

TISCO Financial Group PLC. received the excellent shareholders' general meeting 2019 certificate, scoring 100 out of 100 points in a major assessment. The shareholders' general meetings held by TISCO Financial Group PLC have been described as "excellent" for five consecutive years. The Thai Investors Association, the Thai Listed Companies Association, and the Securities and Exchange Commission jointly assessed the quality of shareholders' general meetings of 657 listed companies.

Sustainability Disclosure Awards 2019

TISCO Financial Group PLC. won the **2019 Sustainability Disclosure Award** from the Thaipat Institute in cooperation with the Securities and Exchange Commission. The award recognizes a company that discloses sustainability framework, goals, development and comprehensive access to environmental and social impacts and good governance in a way that is easy to understand for all stakeholders and in accordance with GRI Standards.

Corporate Governance

"GOLD" Award from Retirement Project

TISCO Group received the "Gold" award for its Happy Retirement Project from the Securities and Exchange Commission (SEC) and alliances. TISCO earned the recognition as an employer which takes saving, investment, and financial planning for retirement of employees seriously through a Provident Fund.

Products and Services

Excellent RMF

TISCO Asset Management Co., Ltd. received the **Best Retirement Mutual Fund Award - Equity securities from Morningstar (Thailand)** at the Morningstar Thailand Fund Awards 2019. The award was granted based on excellent performance in managing the TISCO Open-end Equity Funds. (Unit Type A) over the past 5 years, evidenced by the fund generating an average return of 7.1 percent per year. With an experienced and expert team, TISCO can adjust investment strategies according to market conditions. Such flexible risk management won it the award on this occasion.

Individual

Outstanding CEO

Mr. Suthas Ruangmanamongkol, TISCO Group Chief Executive, received the "Outstanding CEO Award 2019" at the SET Awards 2019 organized by the Stock Exchange of Thailand in collaboration with "Money and Banking" magazine. This prestigious award is given to top executives with outstanding leadership who have guided an organization to success. The person also has to adhere to moral principles in managing the organization, be competent in terms of vision and strategy, and pay close attention to investor relations.

In addition, the Outstanding CEO must be a society-focused person who supports sustainability to ensure business stability.

International Award

Corporate Governance

Best Responsible Investor

TISCO Asset Management Co., Ltd. received the **Best Responsible Investor Award** from Asia Asset Management, a leader in Asian financial media, at the 2019 Best of The Best Awards, recognized as an asset management company exhibiting sustainable corporate social responsibility and one that offers mutual fund products that invest in companies with ESG and invest management fees back into society.

Human Resource Management

Best Employer Thailand Awards 2019

TISCO Group by Hi-Way Co., Ltd. received the Best Employer Thailand Awards 2019 from KincentricThailand, the world's leading human resource management consultant and SASIN Graduate Institute of Business Administration of Chulalongkorn University. This is the 3rd time that Highway received this award, previously recognized with the award in 2005 and 2009.

Products and Services

Top Bank in Corporate Bonds (2nd consecutive year)

TISCO Bank was named Top Bank in Corporate Bonds in the Secondary Market by The Asset, a leading financial and investment media outlet in the Asia-Pacific. The bank won the award for the second consecutive year.

Best Provident Fund Provider Thailand 2019 (2nd consecutive year)

TISCO Asset Management Co., Ltd. won the **Best Provident Fund Provider Thailand 2018** award for the second consecutive year from Global Banking and Finance Review, one of the world's leading financial magazines. The award was granted in recognition of TISCO Asset Management's ability to generate good returns for its provident-fund members on a regular basis, maintain great service standards and to respond well to various needs.

Best Asset Management Company Thailand 2019

TISCO Asset Management Co., Ltd. was recognized as Best Asset Management Company Thailand 2019 by International Finance Publications, one of the leading global financial magazines at the International Finance Awards 2019 ceremony. The award is granted in recognition of a fund management company with outstanding growth in asset management and good returns to investors.

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, the Risk Oversight Committee 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, formulate risk governance culture to support the organizational business operations according to the determined business direction and targets, ensures the effectiveness of the implementation of risk management framework and control systems of TISCO Group. The specific sub-committees have been appointed and delegated 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 Audit Committee, the Risk Oversight Committee, the Risk Management Committee, the Compliance and Operation Control Committee, Information Technology Management Committee and the Technology and Infrastructure 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 Audit Committee, the Risk Oversight Committee, 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 and concurred by Risk Oversight Committee 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, Risk Management Function 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 whilst internal audit and control process in other companies shall also be reported directly to the Audit Committee of TISCO Financial Group as well.
3. The Risk Oversight Committee shall perform duties in ensuring the compliance with the risk management policies & strategies, and risk appetite. And exchange views with the Audit Committee in reviewing the sufficiency and effectiveness of overall risk management policies & strategies and risk appetite on regularly basis. The Report shall also be made to the Board regarding risk exposures, effectiveness of risk

management, implementation progress of risk culture, significant issues and required improvement in compliance with risk management policies & strategies.

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

Risk Management Framework is a set of interrelated components starting with governance and risk management culture, synchronization between strategic objective setting and risk management process, risk assessment and management for supporting the achievement of business objectives, monitoring process and finally, communication and reporting. Internal Control system is inherent component of risk management that raises the values and enhances the effectiveness of each other. 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 bellows;

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, create and cultivate risk culture, 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 as well as the provision of the continuing education to employees for enhancing the skills and competencies. In regard to the oversight function, the Risk Oversight Committee as appointed and delegated by the Board shall supervise the performance of duties of the Management Committee in complying with the risk management policies and strategies as well as the review of effective establishment of sound control system and risk management process. The Audit Committee performs duties through the operations of Internal Audit Function in assessing the effectiveness of risk management and control system. 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.

TISCO Group places great importance on effective risk management and controls. The Risk Oversight Committee has been established to transparently and independently oversee and govern the corporate risks. 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 including IT 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.

In order to provide assurance that all subsidiaries within TISCO Group operate businesses under the effective control system and align with each environment and business operations with an aim to manage potential risks affected to the achievement of business objectives and damaged the organization, TISCO Group has designed control system to be centralized management. The centralized policies and guidelines and the appropriate authority delegation are developed to govern with enterprise wide adoption as well as the regular monitoring and governing process for ensuring the work proceeding under the standardized practices. Additionally, under the internal control framework, segregation of duties among operators, reviewers and evaluators are well defined with sound practice for assuring the check and balance controls as well as the appropriate audit system.

TISCO Group has continuously developed information technology system and enhanced the quality of information in order to provide the efficient and timely information as well as the establishment of IT Risk Management Function responsible for governing and supporting the provision of sound control to support the achievement of control objectives and appropriately supervise the proceeding with compliance with laws and regulations related to IT. 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.

To ascertain whether the components of internal control are efficiently functioning, TISCO Group has established ongoing monitoring and control assessment process. Other than that, 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. The establishment of audit process through the performance of duties of Internal Audit Function and Compliance Function are well determined. 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. 1/2020 on February 25, 2020 where the 6 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 which concurred and reviewed by the Risk Oversight Committee and 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 7 Report of Audit Committee. Moreover, in year 2018, 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 Ms. 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 3.

(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 Mr. Pairat Srivilairit - Chief Governance Officer. Qualification of the current Heads is provided in the Attachment 3.

12. Related Party Transactions

The Company disclosed the details of related party transactions under section 3.34 of the notes to the consolidated financial statement for the year ended December 31, 2019. The Company and its subsidiaries conducted business transactions with related parties at an arms-length basis to ensure fairness 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 for the Group. These transactions were the supporting transactions for the normal business operations of TISCO Group, in accordance with the consolidated supervision principle of the Bank of Thailand. Hence, these transactions did not involve any conflicts of interest.

12.2 Measures or procedures for approval of related party transactions

All transactions between related parties shall be done on the same basis and with the same conditions applied to external parties. Those with personal vested interests shall not be entitled to vote for the approval of said transactions. In addition, TISCO Group will disclose information in a transparent manner and in accordance with good governance principles.

12.3 Related transaction policy

The Group puts a strong emphasis on effective management under good governance and in accordance with the relevant rules and regulations. In addition, the Group has set up a "Related Party Transaction Policy", implemented across the Group, which states that the Group has no policy to encourage transactions between related parties. Should any such transactions occur, the conditions would be the same as for normal business transactions for the Group.

Part 3

Financial Status and Performance

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, 2019

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, 2019 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, 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, 2019, 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, 2018

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, 2018 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, 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, 2018, 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, 2017

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, 2017 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, 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, 2017, 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

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2019	December 31, 2018	December 31, 2017
Assets			
Cash	1,102,557	1,191,800	1,324,808
Interbank and money market items - net	45,300,141	54,071,389	44,647,149
Derivatives assets	21,907	5,685	-
Investment - net	9,363,032	9,012,345	7,547,143
Investment in subsidiaries and joint venture - net	813,602	800,151	573,925
Loans to customers and accrued interest receivables			
Loans to customers	263,569,157	261,056,899	271,125,255
Accrued interest receivables	1,240,929	642,526	715,653
Total loans to customers and accrued interest receivables	264,810,086	261,699,425	271,840,908
Less: Deferred revenue	(20,743,017)	(20,402,559)	(19,741,455)
Less: Allowance for doubtful accounts	(10,709,365)	(11,665,492)	(11,447,166)
Less: Allowance for loss on debt restructuring	(7,343)	(8,146)	(8,948)
Loans to customers and accrued interest receivables - net	233,350,361	229,623,228	240,643,339
Properties foreclosed - net	18,429	10,857	5,274
Investment properties	30,304	39,388	32,396
Premises and equipment - net	2,984,152	2,992,229	2,653,195
Intangible assets - net	329,460	448,222	537,696
Deferred tax assets	1,324,904	991,525	743,145
Securities and derivatives business receivables - net	1,164,066	948,528	2,342,040
Other assets	2,501,180	2,409,287	2,338,299
Total assets	298,304,095	302,544,634	303,388,409

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

As of

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2019	December 31, 2018	December 31, 2017
Liabilities and equity			
Liabilities			
Deposits	216,084,551	193,108,310	180,803,844
Interbank and money market items	4,656,133	4,374,674	4,017,507
Liabilities payable on demand	306,867	238,219	431,361
Derivatives liabilities	-	10,653	29,815
Debts issued and borrowings	25,016,919	55,556,919	71,078,619
Provision for long-term employee benefits	1,485,868	827,442	734,853
Deferred tax liabilities	-	8,499	15,633
Securities and derivatives business payables - net	820,545	995,276	2,216,256
Accrued interest payable	1,005,621	881,275	729,377
Income tax payable	911,330	753,846	849,052
Other liabilities	8,820,147	7,960,065	7,750,327
Total liabilities	259,107,981	264,715,178	268,656,644
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
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up			
9,859 preference shares of Baht 10 each	99	99	99
(31 December 2018: 9,859 shares of Baht 10 each)			
(31 December 2017: 9,859 shares of Baht 10 each)			
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456
(31 December 2018: 800,645,624 shares of Baht 10 each)			
(31 December 2017: 800,645,624 shares of Baht 10 each)			
	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 equity	1,810,936	1,753,824	1,653,202
Retained earnings			
Appropriated-statutory reserve	801,000	801,000	801,000
Unappropriated	27,556,084	26,116,740	23,125,364
Equity attributable to equity holders of the Company	39,192,983	37,696,527	34,604,529
Non-controlling interest of the subsidiaries	3,131	132,929	127,236
Total equity	39,196,114	37,829,456	34,731,765
Total liabilities and equity	298,304,095	302,544,634	303,388,409

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)

	Consolidated financial statements		
	December 31,2019	December 31,2018	December 31,2017
Profit or loss:			
Continuing operations			
Interest income	17,881,207	17,690,276	16,381,521
Interest expenses	(5,088,798)	(5,075,507)	(4,814,374)
Net interest income	12,792,409	12,614,769	11,567,147
Fee and service income	6,510,972	6,339,093	6,344,652
Fee and service expenses	(325,754)	(243,666)	(245,964)
Net fee and service income	6,185,218	6,095,427	6,098,688
Net gains (losses) on trading and foreign exchange transactions	(24,227)	6,339	(83,857)
Net gains on investments	6,817	496,291	41,968
Share of profit from investment accounted for under equity method	12,108	222,708	130,420
Dividend income	64,617	62,584	138,178
Penalty fee income from loans	294,907	331,035	375,524
Other operating income	103,796	204,018	125,952
Total operating income	19,435,645	20,033,171	18,394,020
Operating expenses			
Employee's expenses	6,410,362	5,839,300	5,073,893
Directors' remuneration	18,125	16,425	12,740
Premises and equipment expenses	1,304,846	1,213,428	1,148,613
Taxes and duties	296,605	303,080	252,389
Other operating expenses	1,240,853	1,381,034	1,183,075
Total operating expenses	9,270,791	8,753,267	7,670,710
Bad debt, doubtful accounts and impairment losses	1,109,103	2,701,452	3,078,651
Profit from operations before income tax expenses	9,055,751	8,578,452	7,644,659
Income tax expenses	1,782,553	1,663,017	1,486,816
Profit for the year from continuing operations	7,273,198	6,915,435	6,157,843
Discontinued operations			
Profit for the year from discontinued operations	-	128,306	(40,536)
Total profit for the year	7,273,198	7,043,741	6,117,307

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)

	Consolidated financial statements		
	December 31,2019	December 31,2018	December 31,2017
Other comprehensive income:			
Continuing operations			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains (losses) on valuation in available-for-sale investments	74,272	(233,032)	270,399
Share of other comprehensive income of joint venture:			
Cash flow hedges of joint venture	1,342	3,517	755
Income tax effects	(14,854)	45,062	(55,109)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	60,760	(184,453)	216,045
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in surplus on revaluation of assets	-	387,623	-
Actuarial losses	(288,575)	(56,943)	(155,385)
Income tax effects	57,556	(66,712)	30,909
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(231,019)	263,968	(124,476)
Other comprehensive income for the year from continuing operations	(170,259)	79,515	91,569
Total other comprehensive income for the year	(170,259)	79,515	91,569
Total comprehensive income			
Total comprehensive income from continuing operations	7,102,939	6,994,950	6,249,412
Total comprehensive income from discontinued operations	-	128,306	(40,536)
Total comprehensive income for the year	7,102,939	7,123,256	6,208,876
Profits attributable to			
Equity holders of the Company			
Profit for the year from continuing operations	7,270,233	6,887,379	6,130,544
Profit (loss) for the year from discontinued operations	-	128,306	(40,536)
Profit for the year attributable to the Company	7,270,233	7,015,685	6,090,008
Non-controlling interests of the subsidiaries			
Profit for the year from continuing operations	2,965	28,056	27,299
Profit for the year from discontinued operations	-	-	-
Profit for the year attributable to non-controlling interests of the subsidiaries	2,965	28,056	27,299
Total comprehensive income attributable to			
Equity holders of the Company			
Total comprehensive income for the year from continuing operations	7,100,094	6,966,734	6,222,446
Total comprehensive income for the year from discontinued operations	-	128,306	(40,536)
Total comprehensive income for the year attributable to the Company	7,100,094	7,095,040	6,181,910
Non-controlling interests of the subsidiaries			
Total comprehensive income for the year from continuing operations	2,845	28,216	26,966
Total comprehensive income for the year from discontinued operations	-	-	-
Total comprehensive income for the year attributable to non-controlling interests of the subsidiaries	2,845	28,216	26,966
Earnings per share of equity holders of the Company			
Basic earnings per share (Baht per share)			
Equity holder of the Company	9.08	8.60	7.66
Profit from continuing operations	-	0.16	(0.05)
Profit (loss) from discontinued operations	9.08	8.76	7.61

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2019	December 31, 2018	December 31, 2017
Cash flows from operating activities			
Profit before income tax from continuing operations	9,055,751	8,578,452	7,644,659
Profit (loss) before income tax from discontinued operations	-	128,306	(1,042)
Profit from operation before income tax	9,055,751	8,706,758	7,643,617
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	381,961	390,757	350,638
Bad debts and doubtful accounts	2,971,802	4,898,708	5,064,167
Share of profit from investments accounted for under equity method	(12,108)	(222,708)	(130,420)
Allowance for impairment of investments (reversal)	4,769	(1,355)	(3,671)
Allowance for impairment of properties foreclosed (reversal)	(11,111)	(268)	394
Gains on disposal of investments in securities	(12,501)	(495,267)	(38,157)
Unrealised (gains) losses on foreign exchange transactions and trading derivatives	41,056	(6,455)	83,376
Gains (losses) on changes in value of investment properties	1,022	(6,992)	(239)
Gains on disposal of equipment and intangible assets	(3,290)	(5,661)	(12,997)
Losses on written-off of equipment and intangible assets	2,297	472	3,441
Gains on disposal of properties foreclosed	(42,934)	(71,336)	(81,678)
Employee benefit expenses	406,899	83,138	42,708
(Increase) decrease in accrued income	(306,256)	261,429	(317,317)
Increase in accrued expenses	383,486	536,621	601,873
Net interest income	(12,792,409)	(12,828,669)	(11,654,786)
Dividend income	(64,617)	(62,584)	(138,178)
Cash received on interest income	16,948,275	17,680,774	16,743,707
Cash paid on interest expenses	(3,900,762)	(3,844,808)	(3,824,667)
Cash received on dividend income	64,617	62,584	138,178
Cash received on income tax	18,967	-	-
Cash paid on income tax	(1,839,085)	(2,018,179)	(1,484,013)
Profit from operating activities before changes in operating assets and liabilities	11,295,829	13,056,959	12,985,976
Operating assets (increase) decrease			
Interbank and money market items - net	8,758,584	(9,424,150)	(6,579,740)
Loans to customers	(7,808,565)	4,253,506	3,718,910
Securities and derivatives business receivables	(215,538)	1,393,513	(968,284)
Receivables from clearing house	114,006	(114,224)	144,621
Properties foreclosed	1,746,124	1,849,032	2,071,939
Other assets	76,061	(201,668)	(883,412)
Operating liabilities increase (decrease)			
Deposits	22,976,241	12,304,466	11,114,657
Interbank and money market items	281,459	357,167	(1,179,096)
Liabilities payable on demand	68,648	(193,142)	251,119
Securities and derivatives business payables	(174,731)	(1,220,980)	705,386
Short-term debts issued and borrowings	460,000	(25,021,700)	8,072,700
Payable to clearing house	278,256	(52,820)	113,385
Provision for long-term employee benefits	(37,048)	(47,493)	(39,353)
Other liabilities	(638,380)	(1,099,657)	(395,852)
Net cash flows from (used in) operating activities	37,180,946	(4,161,191)	29,132,956

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2019	December 31, 2018	December 31, 2017
Cash flows from investing activities			
Cash paid for purchase of investments in securities held for investment	(36,584,587)	(12,333,737)	(7,578,768)
Cash received from disposal of investments in securities held for investment	36,256,313	11,125,400	7,447,916
Cash paid for purchase of equipment	(206,836)	(191,004)	(203,271)
Cash paid for purchase of intangible assets	(46,891)	(77,495)	(116,253)
Cash received from disposal of equipment	3,565	8,061	13,006
Cash received from disposal of intangible assets	395	-	(18,394,496)
Cash paid for acquisition of a subsidiary	(87,719)	-	-
Net cash flows used in investing activities	(665,760)	(1,468,775)	(18,831,866)
Cash flows from financing activities			
Cash received from issuance of long-term debentures	2,400,000	20,000,000	19,600,000
Cash paid for redemption of long-term debentures	(33,400,000)	(10,500,000)	(26,923,000)
Dividend paid	(5,604,429)	(4,003,042)	(2,802,287)
Net cash flows from (used in) financing activities	(36,604,429)	5,496,958	(10,125,287)
Net increase (decrease) in cash	(89,243)	(133,008)	175,803
Cash at beginning of the year	1,191,800	1,324,808	1,149,005
Cash at end of the year	1,102,557	1,191,800	1,324,808

13.2 Important Financial Ratios

		2019	2018	2017
Profitability Ratio				
Gross Profit Margin	(%)	77.8	77.9	77.7
Net Profit Margin	(%)	37.4	34.4	33.1
Return on Average Shareholders' Equity	(%)	18.9	19.3	18.4
Interest Income Ratio	(%)	5.9	5.8	5.7
Interest Expense Ratio	(%)	2.0	2.0	2.0
Interest Spread	(%)	3.9	3.8	3.7
Return on Investment	(%)	2.3	8.5	2.1
Efficiency Ratio				
Net Interest Income to Total Assets	(%)	4.3	4.2	4.0
Return on Average Assets	(%)	2.4	2.3	2.1
Total Asset Turnover	(times)	0.06	0.07	0.06
Financial Ratio				
Debt to Equity Ratio	(times)	6.6	7.0	7.7
Total Loans to Total Borrowing and Deposits	(%)	100.6	96.7	99.6
Total Loans to Public Borrowing	(%)	112.4	124.6	139.0
Public Borrowing to Total Liabilities	(%)	83.4	72.9	67.3
Dividend Payout Ratio	(%)	N.A.	79.9	65.7
Asset Quality Ratio				
Allowance for Doubtful Account to Total Loans	(%)	4.4	4.8	4.5
Bad Debt and Doubtful Account to Total Loans	(%)	1.6	1.8	1.4
Non-accrued loans ¹ to Total Loans	(%)	2.8	2.6	2.4
Allowance for Doubtful Account to Non-performing loans	(%)	183.7	169.8	196.5
Accrued Interest Receivable to Total Loans	(%)	0.5	0.3	0.3
Other Ratios				
Capital Funds to Risk Weighted Asset (BIS)	(%)	22.10	22.91	20.72
Net Capital Rule (TISCO Securities)	(%)	67.21	105.91	58.24

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 2019, with those of the year 2018

Movement of Money Market and Capital Market

In 2019, domestic economy was sluggish resulting from subdued export following US and China trade tensions together with Thai Baht appreciation. Private consumption growth softened driven by weak domestic demand and the stringent lending practices of financial institutions. The domestic car sales for the year 2019 was 1,007,552 units or decreased by 3.3% (YoY). The headline inflation for the year 2019 was reported at 0.7% following stabilized food and oil prices.

During the year, US Federal Reserve reduced its policy interest rate 3 times to 1.50 – 1.75% to stimulate the economy amid the slowdown in global economy and prolonged trade war. The Bank of Thailand (BOT) reduced the policy rate 2 times to 1.25%. As a result, the average 3-month fixed deposit rates of Top-4 commercial banks declined from 0.93% to 0.86% (YoY) and the average minimum lending rate (MLR) of Top-4 commercial banks also declined from 6.20% to 6.01% (YoY). Meanwhile, the average minimum overdraft rate (MOR) and the average minimum retail rate (MRR) decreased to 6.84% and 6.87% respectively.

The capital market in 2019 was highly volatile driven by uncertainty of global economy. The overall market trading volume has declined, mostly by retail investors. The average daily turnover decreased from 56,409.06 million baht in 2018 to 52,467.57 million baht. The SET index closed at 1,579.84 points, rose by 15.96 points or 1.0% (YoY) compared with 1,563.88 points in 2018.

Major Events

On September 4, 2019, TISCO Financial Group Public Company (Limited) and TISCO Securities Company Limited, which is a subsidiary in TISCO Group, signed an agreement to terminate the joint venture agreement in “Deutsche TISCO Investment Advisory Company Limited”, a joint venture between TISCO Securities and Deutsche Bank group that operated under an investment advisory license in Thailand. The agreement was effective from September 9, 2019 onward. Subsequent to the termination, TISCO Securities will continue its businesses to provide securities brokerage service and equity research as usual.

Operating Performance for the year 2019

TISCO Financial Group Public Company Limited (“the Company”) had net profit from operations on a standalone basis totaling 6,224.28 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 companies and no other major business. Therefore, the analysis was based on the Company’s consolidated operating performance and financial position which comprised of two main businesses: commercial banking business and securities business.

In 2019, the net profit attributed to owners of the Company totaled 7,270.23 million baht, increased by 254.55 million baht or 3.6% (YoY), mainly driven by lower provision expense. Net interest income increased by 1.4% (YoY) while the Company still maintained a high level of loan spread amid declining interest rate trend. Non-interest income declined from the absence of extraordinary income from gain on sale of investment in 2018. Meanwhile, fee income from core business was decelerated due to the unfavorable economic conditions. However, the Company recorded performance fee income from asset management business which recorded at the end of the year in compliance with TFRS 15 – “Revenue from Contracts with Customers”. In 2019, the Company recorded asset management performance fee income of 362 million baht. In addition, provision expense declined by 58.9% (YoY), in aligning with credit quality of loan portfolios together with adjustment of excess reserve level to ensure readiness prior to TFRS 9 implementation. Accordingly, the Company maintained the high level of return on average equity (ROAE) at 18.9%. Basic earnings per share for the year 2019 was 9.08 baht per share, increased from 8.76 baht per share in 2018.

Income Statement

The Company and its subsidiaries' income statement in 2018 and 2019 are illustrated in Table 1.

Table 1: Income Statement for year 2018 -2019

Type of Revenue (Million baht)	2019	2018	%YoY
Interest income			
Interest on loans	8,047.67	8,090.39	(0.5)
Interest on interbank and money market items	575.86	706.37	(18.5)
Hire purchase and financial lease income	9,025.26	8,691.42	3.8
Investments	232.41	202.09	15.0
Total interest income	17,881.21	17,690.28	1.1
Interest expenses	(5,088.80)	(5,075.51)	0.3
Net interest income	12,792.41	12,614.77	1.4
Fee income			
Fee income	6,510.97	6,339.09	2.7
Fee expenses	(325.75)	(243.67)	33.7
Net fee income	6,185.22	6,095.43	1.5
Gain on investment and foreign exchange transaction	(17.41)	502.63	(103.5)
Share of profit from invest in subsidiaries	12.11	222.71	(94.6)
Other operating income	463.32	597.64	(22.5)
Total operating income	19,435.65	20,033.17	(3.0)
Other operating expenses	(9,270.79)	(8,753.27)	5.9
Bad debt and doubtful account and impairment loss of debt securities	(1,109.10)	(2,701.45)	(58.9)
Profit before income tax and minority interest	9,055.75	8,578.45	5.6
Corporate income tax expenses	(1,782.55)	(1,663.02)	7.2
Profit from continuing operations	7,273.20	6,915.43	5.2
Profit/Loss from discontinued operations	-	128.31	-
Profit before minority interest	7,273.20	7,043.74	3.3
Non-controlling interests of the subsidiaries	(2.96)	(28.06)	(89.4)
Net profit	7,270.23	7,015.69	3.6

(1) Net Interest Income

Net interest income for the year 2019 was at 12,792.41 million baht, increased by 1.4% (YoY). Total interest income was 17,881.21 million baht, increased by 190.93 million baht (1.1% YoY) and interest expenses slightly increased by 13.29 million baht to 5,088.80 million baht (0.3% YoY).

Yield on loan increased to 7.1% partly from the revision of interest income recognition prior to TFRS 9 implementation in 2020. Whilst, the cost of fund increased from 2.0% to 2.1% (YoY) following the offerings of high interest rate deposits to replace the matured debentures. Consequently, loan spread improved to 5.0% and the net interest margin also increased to 4.4%. If excluding the revision of interest income during the period, yield on loan was stable at 6.9% and loan spread dropped to 4.8%. Whereas, the net interest margin was steady at 4.2% (YoY).

Table 2: Loan Spread for year 2018 – 2019

%	2019	2019*	2018
Yield on Loans	7.1	6.9	6.9
Cost of fund	2.1	2.1	2.0
Loan spread	5.0	4.8	4.9

*Excluding the revision of interest income recognition prior to TFRS 9 implementation

In 2019, the Company reported the net interest income after impairment loss of loans and debt securities totaled 11,683.31 million baht, increased by 1,769.99 million baht (17.9% YoY). Impairment losses on loans totaled 1,109.10 million baht, reduced comparing with 2,701.45 million baht in the previous year aligning with credit quality of loan portfolios together with adjustment of excess reserve level to ensure readiness prior to TFRS 9 implementation.

(2) Non-interest Income

In 2019, the non-interest income was at 6,643.24 million baht, declined by 10.4% (YoY) mainly due to the absence of gain on investment recorded in the first and the third quarter of 2018. Meanwhile, non-interest income from core business totaled 6,974.29 million baht, increased by 0.5% (YoY) mainly contributed by an increase in asset management fee of 238.85 million baht (15.7% YoY) to 1,760.08 million baht, resulted from the record of asset management performance fee amounting 362 million baht which was recognized at the end of the year in compliance with TFRS 15 – “Revenue from Contracts with Customers”. Banking fee income declined by 29.24 million baht (0.7% YoY) to 4,407.45 million baht following a decrease in loan related fee whereas bancassurance business continued to grow strongly by 9.5% (YoY). Brokerage fee income decreased by 116.07 million baht (13.9% YoY) to 718.04 million baht following the weakened market trading volume, coupled with the termination of the joint venture agreement in “Deutsche TISCO Investment Advisory Company Limited”, a joint venture with Deutsche Bank group.

In addition, the Company did not report “Profit from discontinued operations” which derived from the sale of credit card business in the third quarter of 2018.

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

The Company set aside provision expense at 1,109.10 million baht, accounted for 0.46% of average loan, and declined from 2,701.45 million baht (YoY), aligning with credit quality of loan portfolios together with adjustment of excess reserve level to ensure readiness prior to TFRS 9 implementation.

(4) Operating Expenses

Operating expenses were 9,270.79 million baht, increased by 517.53 million baht (5.9% YoY) partly due to additional expenses for the adjustment of compensation on retirement and dismissal of employees in accordance with to the New Labor Protection Act and an increase in variable expenses associated with revenue growth. The Company still maintained effective operating cost control with cost to income after provision ratio at 50.6%.

(5) Corporate Income Tax

In 2019, the corporate income tax was 1,782.55 million baht, equivalent to the effective tax rate of 19.7%, increased from 19.4% in 2018

14.1 Financial Position

(1) Assets

As of December 31, 2019, the Company’s total assets were 298,304.10 million baht, decreased by 1.4% (YoY), due to a contraction in interbank and money market items from 54,071.39 million baht to 45,300.14 million baht (16.2% YoY). However, total loan portfolios grew from 240,654.34 million baht to 242,826.14 million baht (0.9% YoY), and investment increased from 9,012.34 million baht to 9,363.03 million baht (3.9% YoY).

Table 3: Assets Breakdown as of December 31, 2018 and 2019

Assets	December 31, 2019		December 31, 2018		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,102.56	0.4	1,191.80	0.4	(7.5)
Interbank and Money Market Items	45,300.14	15.2	54,071.39	17.9	(16.2)
Derivatives	21.91	0.0	5.68	0.0	285.4
Investment – Net	9,363.03	3.1	9,012.34	3.0	3.9
Investments in subsidiaries, associate and JV	813.60	0.3	800.15	0.3	1.7
Corporate Loans	36,693.77	12.3	31,804.90	10.5	15.4
Commercial Loans	13,200.02	4.4	14,865.66	4.9	(11.2)
Retail Loans	190,646.76	63.9	192,232.74	63.5	(0.8)
Other Loans	2,285.59	0.8	1,751.05	0.6	30.5
Allowance for doubtful accounts and for loss on debt restructuring	(10,716.71)	(3.6)	(11,673.64)	(3.9)	(8.2)
Other Assets	9,593.42	3.2	8,482.56	2.8	13.1
Total Assets	298,304.10	100.0	302,544.63	100.0	(1.4)

(2) Liabilities

As of December 31, 2019, total liabilities were 259,107.98 million baht, decreased by 2.1% (YoY) due mainly to the decrease in debentures from 49,680.00 million baht to 24,980.00 million baht (49.7% YoY). Total deposits rose from 198,985.23 million baht to 216,121.47 million baht (8.6% YoY) and interbank and money market items increased from 4,374.67 million baht to 4,656.13 million baht (6.4% YoY).

Table 4: Liabilities Breakdown by Area as of December 31, 2018 and 2019

Liabilities	December 31, 2019		December 31, 2018		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	216,121.47	83.4	198,985.23	75.2	8.6
Interbank and money market items	4,656.13	1.8	4,374.67	1.7	6.4
Debentures	24,980.00	9.6	49,680.00	18.8	(49.7)
Others	13,350.38	5.2	11,675.28	4.4	14.3
Total Liabilities	259,107.98	100.0	264,715.18	100.0	(2.1)

(3) Shareholders' Equity

As of December 31, 2019, shareholders' equity totaled 39,196.11 million baht, increased by 1,366.66 million baht (3.6% YoY) from an increase in retained earnings for the year 2019. As a result, the book value per share (BVPS) as of December 31, 2019 was 48.96 baht per share, increased from 47.25 baht per share in 2018.

(4) Liquidity

As of December 31, 2019, The Company's cash was 1,102.56 million baht, decreased by 7.5% (YoY). There was net cash flow received in operating activities total of 37,180.95 million baht mainly contributed by an increase of deposits while net cash flow used in investing activities totaled 665.76 million baht, primarily from the cash paid for purchase of investment in securities held. Meanwhile, the net cash flows used in financing activities totaled 36,604.43 million baht, mainly driven by the cash paid for long-term debentures.

(5) Sources and Uses of Funds

As of December 31, 2019, the funding structure as shown in the consolidated financial statement comprised of 259,107.98 million baht in liabilities and 39,196.11 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 6.6 times. The major source of funds on liabilities side was deposits, which accounted for 72.5% of total source of funds. Other sources of funds included interbank and money market items accounted for 1.6% of total source of funds, 12.8% of debenture and other liabilities, and 13.1% of shareholders' equity, respectively. The Company's major use of funds was loans, amounting 242,826.14 million baht, resulting in a loan-to-deposit ratio¹ of 112.4%. The other uses of funds include interbank and money market items, and various securities.

(6) Contingent liabilities

As of December 31, 2019, TISCO Bank, a subsidiary of The Company, had avals, guarantees, and commitments totaled 2,054.09 million baht, decreased by 42.0%(YoY) mainly driven by maturity of interest rate swap agreements.

14.2 Business Segment Performances

(1) Banking Business

Loans

Total loans and receivables as of December 31, 2019 were 242,826.14 million baht, rose by 2,171.80 million baht (0.9% YoY), mainly driven by corporate loan expansion. The composition of loan portfolios was 78.5% of retail loans, 15.1% of corporate loans, 5.4% of commercial loans and 0.9% of other loans.

Retail Lending

Retail Lending portfolio totaled 190,646.76 million baht, dropped by 0.8% (YoY). The total retail portfolio as of December 31, 2019 consisted of 72.4% car and motorcycle hire purchase loans, 18.7% loans against auto license and 8.9% housing loans. The outstanding hire purchase loans totaled 137,990.30 million baht, decreased by 1.3% (YoY) following the weakened domestic demand. The domestic car sale for the year 2019 was 1,007,552 units, decreased by 3.3% (YoY), compared to 1,041,739 units in 2018. The car penetration rate of TISCO for the year 2019 dropped from 6.6% to 6.5% (YoY).

Loans against auto license ("Auto Cash") amounted 35,660.00 million baht, grew by 3,630.41 million baht (11.3% YoY), from the increased new business through all channels – bank branches and loan offices – aligning with network expansion strategy, especially from the loan expansion through "Somwang" channels were at 4,089.90 million baht (28.6% YoY) to 18,412.92 million baht, representing 51.6% of total loans against auto license. All in all, at the end of the year, "Somwang" loan offices totaled 287 branches nationwide.

Housing loans consisted of mortgage loans which totaled 14,806.18 million baht, dropped by 15.8% (YoY) and home-equity loans which totaled 2,190.28 million baht, declined by 22.8% (YoY) amidst the highly competitive market condition and the stringent mortgage lending measures.

Corporate Lending

Commercial Lending portfolio totaled 36,693.77 million baht, grew by 4,888.87 million baht (15.4% YoY), due to the loan drawdown from the clients in real estate and construction sector.

Commercial Loans

Portfolio totaled 13,200.02 million baht, dropped by 1,665.64 million baht (11.2% YoY) mainly from the loan repayment in car inventory financing.

Other Loans

Other Loans portfolio totaled 2,285.59 million baht, increased by 30.5% (YoY).

¹ Deposit includes short-term borrowings from the Bank's regular client base

Table 5: Loans and Receivables Breakdown as of December 31, 2018 and 2019

Type of Business	December 31, 2019		December 31, 2018		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	2,630.54	1.1	3,031.19	1.3	(13.2)
Real Estate and Construction	14,674.57	6.0	9,218.71	3.8	59.2
Public Utilities and Services	19,388.66	8.0	19,554.99	8.1	(0.9)
Corporate Loans	36,693.77	15.1	31,804.90	13.2	15.4
Commercial Loans	13,200.02	5.4	14,865.66	6.2	(11.2)
Hire Purchase	137,990.30	56.8	139,785.06	58.1	(1.3)
Loans against auto license	35,660.00	14.7	32,029.58	13.3	11.3
Mortgage Loans	14,806.18	6.1	17,581.10	7.3	(15.8)
Home-Equity Loans	2,190.28	0.9	2,836.99	1.2	(22.8)
Retail Loans	190,646.76	78.5	192,232.74	79.9	(0.8)
Others	2,285.59	0.9	1,751.05	0.7	30.5
Total Loans	242,826.14	100.0	240,654.34	100.0	0.9

Non-Performing Loans (NPLs) and Loan Loss Provision

In 2019, the Company reported NPLs amounting 5,834.49 million baht, decreased by 1,041.72 million baht (15.1% YoY). The NPLs consisted of 5,291.79 million baht from the Bank and 542.70 million baht from other subsidiaries. NPL ratio reduced from 2.86% to 2.40% (YoY), partly due to the completion of payment hierarchy and loan classification alignment. Consequently, NPLs of related clients have been declined and reverted back to normal level. In addition, the Company wrote off some bad debt accounts in preparation for TFRS 9 adoption. NPL ratios of retail loans, corporate loans, and commercial loans were 2.84%, 0.71%, and 1.20%, respectively.

The Company set aside provision expense at 1,109.10 million baht, accounted for 0.46% of average loan, and declined from 2,701.45 million baht (YoY). Loan loss reserve of the Company was 10,716.71 million baht, consisting of the specific reserve of 5,101.30 million baht and excess reserve of 5,615.41 million baht. As of December 31, 2019, the loan loss provision coverage ratio improved to 183.7%. Meanwhile, total loan loss reserve of the Bank was at 10,081.46 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 4,360.24 million baht or accounted to 231.2% of minimum loan loss reserve requirement. On the impact from TFRS 9 which will come into effect on January 1, 2020, the loan loss reserve position remains sufficient.

Table 6: NPLs Breakdown by Area as of December 31, 2018 and 2019

Type of NPLs	December 31, 2019			December 31, 2018			Change (%YoY)
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and Commerce	9.86	259.45	4.4	-	-	-	n.a.
Real Estate and Construction	-	-	-	-	-	-	n.a.
Public Utilities and Services	-	-	-	-	-	-	n.a.
NPLs - Corporate Loans	0.71	259.45	4.4	-	-	-	n.a.
NPLs - Commercial Loans	1.20	158.45	2.7	0.75	111.60	1.6	42.0
Hire Purchase	2.35	3,248.91	55.7	2.75	3,845.32	55.9	(15.5)
Loans against auto license	2.38	848.02	14.5	4.88	1,563.50	22.7	(45.8)
Mortgage Loans	6.65	985.00	16.9	6.06	1,066.00	15.5	(7.6)
Home-Equity Loans	15.10	330.69	5.7	9.82	278.52	4.1	18.7
NPLs - Retail Loans	2.84	5,412.63	92.8	3.51	6,753.33	98.2	(19.9)
Others	0.17	3.97	0.1	0.64	11.28	0.2	(64.8)
Total NPLs	2.40	5,834.49	100.0	2.86	6,876.21	100.0	(15.1)

Deposits

Total deposits and borrowings amounted 241,101.47 million baht, decreased by 3.0% (YoY). Total deposits reported at 216,121.47 million baht, increased by 17,136.24 million baht (8.6% YoY) while debentures totaled 24,980.00 million baht, decreased by 24,700.00 million baht (49.7% YoY). As of December 31, 2019, the Bank had high quality liquid assets totaling 49,346.48 million baht, decreased by 11,071.09 million baht (18.3% YoY). Thus, the liquid assets were accounted for 20.5% of total deposits and borrowings.

Table 7: Deposits Structure as of December 31, 2018 and 2019

Type of Deposits	December 31, 2019		December 31, 2018		Change (% YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	2,638.32	1.2	2,483.56	1.2	6.2
Saving accounts	37,801.62	17.5	54,683.84	27.5	(30.9)
Fixed accounts	56,560.88	26.2	40,074.74	20.1	41.1
Negotiate certificate deposit	119,083.73	55.1	95,866.17	48.2	24.2
Short-term borrowings	36.92	0.0	5,876.92	3.0	(99.4)
Total Deposits	216,121.47	100.0	198,985.23	100.0	8.6

(2) Securities Business

In 2019, brokerage fee income of TISCO Securities dropped by 13.9% (YoY) to 718.04 million baht, resulting from a decline in average daily turnover from 2,486.32 million baht to 1,918.01 million baht driven by weakened market trading volume and the termination of the joint venture agreement in "Deutsche TISCO Investment Advisory Company Limited". In addition, TISCO Securities' market share decreased from 2.5% to 2.1% (YoY) mainly due to the decline in market share of foreign institution sector and local institution sector (excluding proprietary trading) from 2.2% to 1.2% (YoY) and from 6.5% to 6.3% (YoY), respectively. Nevertheless, the market share of retail investors improved from 1.7% to 1.9% (YoY). At the end of 2019, TISCO brokerage volume comprised of 39.9% of local institutions, 26.4% of foreign institutions, and 33.7% of retail investors.

(3) Asset Management Business

As of December 31, 2019, assets under management of TISCO Asset Management Co., Ltd. reported at 290,238.97 million baht, expanded by 16.5% (YoY), from the growth in all businesses. Total asset management fee income increased by 15.7% (YoY) to 1,760.08 million baht led by asset management incentive fee of 362 million baht which was recognized at the end of the year in compliance with IFRS 15 – "Revenue from Contracts with Customers". Excluding incentive fee, the basic fee income from asset management totaled 1,398.46 million baht or dropped by 0.9% (YoY)

The composition of total asset under management was 63.5% provident fund, 19.6% private fund, and 16.9% mutual fund. Total market share of TISCO Asset Management Co., Ltd. as of December 31, 2019 was 3.8%, ranking 8th in the market. The market share of provident fund was 15.1%, ranking 1st in the market. The market share of private fund was 5.1%, ranking 5th in the market and the market share of mutual fund was 0.9%, ranking 13th in the market.

Table 8: Assets under Management Breakdown by Type of Fund as of December 31, 2018 and 2019

Type of Funds	December 31, 2019		December 31, 2018		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	184,246.82	63.5	162,127.22	65.1	13.6
Private Fund	56,824.62	19.6	42,064.87	16.9	35.1
Mutual Fund	49,167.53	16.9	44,869.71	18.0	9.6
Total AUMs	290,238.97	100.0	249,061.80	100.0	16.5

14.4 Capital Requirements

In terms of regulatory capital requirement of TISCO Bank and TISCO Securities, the positions were strong and sufficient levels in accordance with the Bank of Thailand and Securities and Exchange Commission requirement. At the end of 2019, regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the Bank stood at 22.10, remaining higher than 11.0% required by the Bank of Thailand. The Tier-I and Tier-II capital adequacy ratio stood at 17.37% and 4.73%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 8.5%.

The capital adequacy ratio and Tier-I capital adequacy ratio have declined from 23.22% and 18.27% in the previous quarter. This was partly resulting from revised credit assessment process aligning with TFRS 9 which made higher risk-weighted assets at the end of 2019. On the effect of TFRS9 first time adoption, the Company has estimated the shareholders' equity to increase around 400 – 500 million baht, contributed by fair value of investment portfolio which is expected to be included with capital during the year 2020 in accordance with reviewed and audited financial statement.

As of December 31, 2019, TISCO Group's internal capital stood at 34,078.06 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital increased by 1,235.50 million baht from the end of 2018 to 15,624.46 million baht, mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 18,453.60 million baht or 54.2% of total capital.

Comparing to the end of 2018, the credit risk capital stood at 12,715.24 million baht, which increased by 1,223.98 million baht or 10.7, while loan portfolio expanded by 1.0% during the period. The non-performing loan of TISCO Group decreased from 2.86% to 2.40% compared to the end of 2018 mainly resulting from completion of the revision of payment hierarchy system as mentioned earlier, together with write-off of some loan portfolio as preparation before applying TFRS 9.

The market risk capital decreased from 263.55 million baht to 137.10 million baht, as a result of lower risk capital of investment portfolio. Meanwhile, the overall duration gap increased to 0.93 year, which was in a manageable level. The assets duration declined from 1.47 year to 1.45 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, decreased from 0.61 year to 0.52 year.

Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 67.21%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 9: Average Duration Mismatch of Assets and Liabilities and Its Impact

	Duration (years)		1-Y Net interest income change to 1% interest rate increase (MB)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Assets	1.45	1.47	1,519.18	1,467.38
Liabilities*	0.52	0.61	(1,382.07)	(1,203.83)
Net Gap	0.93	0.86	137.10	263.55

Note: * Exclude saving and current account

14.5 Credit Rating

The Company got credit rating 'A-' and rating outlook "Stable" as at April 26, 2019 from TRIS 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 26, 2019
Company Rating	A-
Rating Outlook	Stable

14.6 Forward Looking

Macro environment that may impact on the Company's operating performance can be categorized into 3 key factors including economy, market interest rate trend, and loan demand. The details are provided as follows;

Amid rising uncertainty of global and domestic economy driven by coronavirus outbreak and prolonged China-US trade war which will weigh on export and tourism sector, the Company expects that domestic economy will grow at decelerate pace in 2020. In addition, national budget delay and the drought result in decelerating growth of consumption and private investment.

Meanwhile, the high level of household debt is a key factor which continues to pressure on purchasing power. To limit the build-up of systemic financial risks in the long run, the Bank of Thailand implemented macroprudential policies to strengthen the resilience and stability of the financial system including credit card, personal loan, auto title loan, and mortgage loan. The policies are key factors that weigh on loan growth of commercial banks, leading to sluggish loan growth.

On market interest rate, the Company anticipates that the Bank of Thailand will remain accommodative monetary policy to shore up economic condition, in parallel with the government stimulus measures to support economic growth.

For the outlook of domestic car sales, a key factor that contributes to hire purchase business of the Company, is expected to be subdued from 2019 due to high level of domestic car sales for 2-3 consecutive years and weakening purchasing power along with the economic condition. Nevertheless, the launch of new models from various car manufacturers in the last quarter of 2019 may support domestic car sales growth in 2020. Meanwhile, auto cash business is expected to grow following the loan demand. For wealth management business, Company expects the solid growth driven by the search for yield amid low interest rate environment as well as Thailand's aging society, bringing about increasing trend of financial planning including life and health insurance in the long run.

Against the backdrop of domestic economic volatility, the company will continue to follow our focused strategies, good corporate governance, prudent business practice, strong risk management disciplines as well as customer-centric product and service development in order to ensure business continuity and resiliency in the long run.

Certification of the Accuracy of Information

The Company has examined the information contained in this annual registration statement and hereby certify that the information contained herein is neither false nor misleading nor missing any material information. The Company further certify that:

- (1) The financial statements and financial summary in this registration statement present fairly, in all material respects, the financial position, the results of the operations and cash flows of the Company and subsidiary companies.
- (2) The Company provides sound information disclosure systems to ensure that the Company has accurately disclosed all the Company's and subsidiary companies' material information and that all the procedures of the said systems were followed properly.
- (3) The Company provides reliable internal control system and ensures that the Company has comprehensively complied with the said system. Moreover, the Company has reported the internal control assessment as of February 11, 2020 to the auditor and the Audit Committee. The information presented includes errors and significant changes, if any, of the internal control systems as well as any misconduct which might have an effect on the preparation of the Company's and subsidiary companies' financial statements.

In order to ensure the authenticity and the wholeness of the said documents, the Company authorizes Mr. Pairat Srivilairit or Mr. Kontee Sunthornpradit to sign every page of each document. If any document does not contain the signature of Mr. Pairat Srivilairit or Mr. Kontee Sunthornpradit, the Company will deem that such document is not the document that the Company certified.

Authorized Signatory

Name	Position	Signature
Mr. Suthas Ruangmanamongkol	Chairman of the Executive Board and Group Chief Executive	- <i>Suthas Ruangmanamongkol</i> - _____
Mr. Sakchai Peechapat	Executive Director and President	- <i>Sakchai Peechapat</i> - _____

Attorney

Name	Position	Signature
Mr. Pairat Srivilairit	Executive Vice President - Governance Office	- <i>Pairat Srivilairit</i> - _____
Mr. Kontee Sunthornpradit	Head of Planning & Budgeting	- <i>Kontee Sunthornpradit</i> - _____



Attachment 1 Details of Directors, Management and Controlling Persons and Corporate Secretary

1.1 Details of Directors, Management and Controlling Persons and Corporate Secretary as of February 1, 2020

Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	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 4, 2008</p> <p>The Director's date of latest appointment: April 22, 2019</p>	71	<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>- Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call and Launching Ceremony of Thailand's Responsible Lending Guidelines</p> <p>- Bangkok FinTech Fair 2018: SME & Consumer Financial Solutions</p> <p>- Bangkok Sustainable Banking Forum 2018</p> <p>- BOT OMFIF High-Level Seminar: Shaping the Future of Central Banks Bank of Thailand</p> <p>- Independent Director Forum 1/2019: Tips and Tricks for Dealing with Questions in AGM</p> <p>- Board of the year, Board of the Future</p> <p>- IOD Forum: Tough Boardroom Situations - Independent Directors Share Lessons Learned</p> <p>- Chairman Dinner 2018 "Social Responsibilities in Action"</p> <p>- Board Matters and Trends (BMT)</p> <p>- IOD Director Briefing 1/2018: "Burning Issues Directors Need to Hear in the Year of the Dog"</p> <p>- Strategic Board Master Class</p> <p>- Role of Financial Sector in Fighting Corruption</p> <p>- Audit Committee Program</p> <p>- Role of the Chairman Program</p> <p>- Director Certification Program Thai Institute of Directors</p> <p>- Executive Program in Energy Literacy for a Sustainable Future (Class 5) Thailand Energy Academy</p> <p>- Situation, Trend and Growth of Sustainability Development Thaipat Institute</p> <p>- Certificate of Capital Market Academy Leadership Program (Class of 10th) Capital Market Academy</p> <p><u>In-House Training</u></p> <p>- Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited</p> <p>- Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited</p> <p>- Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</p>	<p>Common 2,221,010 (0.28)</p> <p>Preferred -</p>	-	<p>2012-Present 2010-Present 2012-Present 2009-Present</p> <p>-</p> <p>2016-Present</p> <p>2012-Present</p> <p>2012-2015</p> <p>2019-Present 2010-2019 2016-Present</p> <p>2011-Present</p> <p>2019-Present 2011-2019 2011-Present 2015-Present 2007-2015 2013-2015</p>	<p><u>TISCO Group</u></p> <p>Independent Director Chairman of the Board of Directors Independent Director Chairman of the Board of Directors <u>Others Company with Conflict of Interest</u></p> <p>-</p> <p><u>Other Listed Company</u></p> <p>Vice Chairman Member of Human Resources Committee Independent Director Chairman of the Audit Committee Chairman of the Nomination and Remuneration Committee</p> <p><u>Others Non-Listed Company</u></p> <p>Advisor Director Director</p> <p>2011-Present Director</p> <p><u>Others Organization</u></p> <p>Advisor Director Vice Chairman Advisor Vice Chairman Honorary Director</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p> <p>Star Petroleum Refining Public Company Limited (Refinery)</p> <p>Design 103 International Limited (Architect Consultant and Designer)</p> <p>Amata Spring Development Company Limited (Golf and country club)</p> <p>Chuchawal-Royal Haskoning Company Limited (Engineering Consultant)</p> <p>Sem Pringpuangkeo Foundation</p> <p>TISCO Foundation Thai Institute of Directors</p> <p>International School of Engineering, Faculty of Engineering, Chulalongkorn University</p>
<p>2. Mr. Hon Kit Shing (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 4, 2008</p>	42	<p>Bachelor of Science (Economics) Massachusetts Institute of Technology, USA</p>	<p>Common -</p> <p>Preferred -</p>	-	<p>2010-Present 2008-Present 2008-Present 2010-2014</p>	<p><u>TISCO Group</u></p> <p>Vice Chairman of the Board of Directors Director Member of the Nomination and Compensation Committee Vice Chairman of the Board of Directors</p> <p><u>Other Company with Conflict of Interest</u></p> <p>-</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p>



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
The Director's date of latest appointment: April 22, 2019					2017-Present Independent Director	<i>Others Listed Company</i>	Shin Kong Textile Public Company Limited (Import and Export Industry)
					2012-Present Chairman of the Board of Directors and Chief Executive Officer	<i>Others Non-Listed Company</i>	Cottonwood Group (Real Estate)
					2012-Present Chief Executive Officer		Boston Seaport M1&2 Development Limited Liability Company (Real Estate)
					2012-Present Chief Executive Officer		5th Ave Gateway Development Limited Liability Company (Real Estate)
					2012-Present Managing Director		Capcelona Advisors, LLC. (Consultant Service)
					2008-Present Senior Advisor		CDIB & Partners Investment Holding Corporation (Investment)
						<i>Others Organization</i>	-
3. Mr. Suthas Ruangmanamongkol Director Chairman of the Executive Board Group Chief Executive (Authorized Signatory) The Director's date of first appointment: September 4, 2008 The Director's date of latest appointment: April 22, 2019	58	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 - Culture of Innovation at Google Google (Thailand) Company Limited - Director Certification Program Thai Institute of Directors <i>In-House Training</i> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC - Situation, Trend and Growth of Sustainability Development Thaipat Institute - Role of Financial Sector in Fighting Corruption Thai Institute of Directors - Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours CAPCO - The Capital Markets Company Limited	Common 3,700,000 (0.46) Preferred -	-	2019-Present 2017-Present 2008-Present 2015-2018 2009-2019 2019-Present 2009-Present 2009-2019 2009-2016 Apr2017-2019	<i>TISCO Group</i> Chairman of the Executive Board Group Chief Executive Director (Authorized Signatory) Chief Operating Officer Member of the Executive Board Chairman of the Executive Board Director (Authorized Signatory) Member of the Executive Board President Chairman of the Board of Directors Audit Committee <i>Other Company with Conflict of Interest</i> - <i>Others Listed Company</i> - <i>Others Non-Listed Company</i> Director Director Director <i>Others Organization</i> Director Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Asset Management Company Limited (Asset Management) Dole Thailand Company Limited (Food & Beverage) PDTL Trading Company Limited (Distributor of electric wires and cable) Phelps Dodge International (Thailand) Company Limited (Manufacture of wire and cable products) TISCO Foundation The Thai Bankers' Association
4. Assoc. Prof. Dr. Angkarat Priebjrivat Independent Director Chairperson of the Audit Committee The Director's date of first appointment: September 4, 2008	64	Doctor of Philosophy (Accounting) New York University, USA Master of Science (Accounting) Bachelor of Business Administration (Accounting) Thammasat University - DCP Series 4/2019: How to Develop a Winning Digital Strategy - R-ACF-Audit Committee Forum	Common - Preferred -	-	Apr2013-Present 2008-Present Apr2013-Present	<i>TISCO Group</i> Chairperson of the Audit Committee Independent Director Chairperson of the Audit Committee Independent Director <i>Other Company with Conflict of Interest</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding/ ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
The Director's date of latest appointment: April 22, 2019		<ul style="list-style-type: none"> - Driving Company Success with IT Governance (ITG) 6/2017 - Anti-Corruption for Executive Program - Monitoring Fraud Risk Management - Monitoring the System of Internal Control and Risk Management - Role of the Chairman Program - Monitoring the Internal Audit Function - Audit Committee Program - Director Certification Program - Director Accrediation Program Thai Institute of Directors - Certificate in International Financial Reporting Standards (IFRS) The Institute of Chartered Accountants in England and Wales (ICAEW) - Certificate of Capital Market Academy Leadership Program Capital Market Academy <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC - Role of Financial Sector in Fighting Corruption Thai Institute of Directors 			<ul style="list-style-type: none"> Oct2019-Present <i>Others Listed Company</i> Independent Director Member of the Audit Committee Member of the Corporate Governance Committee 2014-Present Chairperson of the Risk Management Committee 2008-Present Independent Director Chairperson of the Audit Committee 2016-present <i>Others Non-Listed Company</i> Director and Member of the Audit Committee 2018-Present <i>Others Organization</i> Member of the Audit Committee 2018-present Advisor to the Fundraising and the Listing and Disclosure Department 2002-Present Government Accounting Standards Committee 1992-Present Advisor to the Listing and Disclosure Department 2018-Jan2020 Independent Director Member of the Audit Committee Member of the Risk Management Committee 2016-2019 Member of Finance and Accounting Subcommittee 2016-2018 Member of the Risk Management Subcommittee 2014-2018 Director and Member of the Audit Committee 2006-2015 Chairperson of the Supervisory Committee 1997-2015 Associate Professor 	<ul style="list-style-type: none"> PTT Exploration and Production Public Company Limited (Petroleum Exploration and Production) COL Public Company Limited (Supplier of full line office products) TSFC Securities Public Company Limited (Liquidity provider to securities business) Thai Public Broadcasting Service (Thai PBS) The Securities and Exchange Commission The Comptroller General's Department, Ministry of Finance The Stock Exchange of Thailand TOT Public Company Limited State Railway of Thailand Tourism Authority of Thailand The ABF Thailand Bond Index Fund National Institute of Development Administration 	
<p>5. Prof. Dr. Pranee Tinakorn</p> <p>Independent Director Chairperson of the Nomination and Compensation Committee Member of the Corporate Governance Committee</p> <p>The Director's date of first appointment: December 30, 2008</p> <p>The Director's date of latest appointment: April 22, 2019</p>	70	<ul style="list-style-type: none"> Doctor of Philosophy (Economics) Master of Arts (Economics) University of Pennsylvania, USA Bachelor of Arts (Economics) Swarthmore College, USA - Workshop on "Board Oversight of Cyber Risk Management" The Securities and Exchange Commission - Driving Company Success with IT Governance Program - How to Develop a Risk Management Plan - Role of the Compensation Committee - Anti-Corruption for Executive Program - Financial Institutions Governance Program - Director Certification Program - Monitoring Fraud Risk Management Program - Monitoring the System of Internal Control and Risk Management Program - Monitoring the Quality of Financial Reporting Program - Monitoring the Internal Audit Function Program - Audit Committee Program - Director Accreditation Program Thai Institute of Directors <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited 	<ul style="list-style-type: none"> Common - Preferred - 	-	<ul style="list-style-type: none"> 2019-Present <i>TISCO Group</i> Member of the Corporate Governance Committee Apr2013-Present Chairperson of the Nomination and Compensation Committee 2008-Present Independent Director <i>Other Company with Conflict of Interest</i> - <i>Others Listed Company</i> - <i>Others Non-Listed Company</i> - <i>Others Organization</i> Dec2018-Present Member of the Audit Committee 2014-2016 Chairperson of the Audit Committee Aug2012-Sep2016 Board of Governors of Thai Public Broadcasting Service (Thai PBS) Feb2018-Present Associate Fellow of the Office of the Royal Society, the Academy of Moral and Political Sciences, Social Science, Economics Jun2017-Present Director of the Economics Vocabulary Glossary 2009-Present University Council Director 2008-Present Executive Director 2005-Present Member of TDRI Council of Trustees 	<ul style="list-style-type: none"> TISCO Financial Group Public Company Limited (Holding Company) Thai Public Broadcasting Service (Thai PBS) Office of the Royal Society Krirk University Thailand Development Research Institute (TDRI) 	



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
		<ul style="list-style-type: none"> - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society - Thailand's Private Sector Collective Action Coalition Against Corruption: CAC - Situation, Trend and Growth of Sustainability Development - Thaipat Institute - Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours - CAPCO - The Capital Markets Company Limited 					
<p>6. Prof. Dr. Teerana Bhongmakapat Director Chairman of the Risk Oversight Committee Chairman of the Corporate Governance Committee</p> <p>The Director's date of first appointment: May 8, 2013</p> <p>The Director's date of latest appointment: April 22, 2019</p>	63	<p>Doctor of Philosophy (Economics) University of Wisconsin-Madison, USA</p> <p>Master of Art (Economics) Thammasat University</p> <p>Bachelor of Economics (Qualitative Analysis) Chulalongkorn University</p> <ul style="list-style-type: none"> - Risk Management Program for Corporate Leaders (RCL 15/2019) - Boards that Make a Difference (BMD 8/2018) - Audit Committee Forum 2017 "The Audit Committee's Role in Compliance and Ethical Culture Oversight" - Driving Company Success with IT Governance - Director Certification Program Update - Financial institutions Governance Program - Director Certification Program - Thai Institute of Directors - Workshop on "Board Oversight of Cyber Risk Management" - Securities and Exchange Commission, Thailand - Audit Committee Forum 2016 "New Auditor's Report: What's in it for you?" - Federation of Accounting Professions Under The Royal Patronage of His Majesty The King in association with Thai Institute of Directors - Certificate of Executive Leadership Program - Capital Market Academy <p><u>In-House Training</u></p> <ul style="list-style-type: none"> - Understanding Thailand Data Protection Law and its unintended consequence - ACIS Professional Center Company Limited - Cybersecurity Threatscape and You - TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand - KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society - Thailand's Private Sector Collective Action Coalition Against Corruption: CAC - Role of Financial Sector in Fighting Corruption - Thai Institute of Directors - Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours - CAPCO - The Capital Markets Company Limited 	<p>Common -</p> <p>Preferred -</p>	-	<p>May2019-Present <i>TISCO Group</i> Chairman of the Risk Oversight Committee Chairman of the Corporate Governance Committee</p> <p>May2017-Present Director</p> <p>2017-Present Advisor to the Economic Strategy Unit (TISCO ESU)</p> <p>May2017-2019 Member of the Corporate Governance Committee</p> <p>Apr2014-Apr2017 Member of the Audit Committee</p> <p>Apr2013-Apr2017 Independent Director</p> <p>May2019-Present Chairman of the Risk Oversight Committee</p> <p>2019-Present Director</p> <p>Apr2014-Apr2017 Independent Director Member of the Audit Committee <i>Other Company with Conflict of Interest</i></p> <p>-</p> <p><i>Others Listed Company</i> Chairman of the Audit Committee</p> <p>2014-Present Member of the Compensation Committee</p> <p>2012-Present Independent Director <i>Others Non-Listed Company</i></p> <p>-</p> <p><i>Others Organization</i> Chairman of Performance Evaluation Committee</p> <p>2018-Present Member of Academic Rank Committee</p> <p>2016-Present Member of Academic Rank Committee</p> <p>2016-Present Member of Academic Rank Committee</p> <p>2018-2019 Honorary Director of the Smart City Committee</p> <p>2016-2019 Chairman of the Research Centre Committee</p> <p>2016-2016 Journal editors</p> <p>2012-2016 Subcommittee on Law and Economics</p> <p>2009-2016 Subcommittee on Research Affairs</p> <p>2013-2019 Director of Contemplative Education Center</p> <p>2014-2017 President</p> <p>2012-2016 Subcommittee on Determination of License Fees and Price Structure in Broadcasting Services</p> <p>2011-2016 Chairman and Financial Institutions and Trader Supervision in accordance with Anti-Money Laundering Act</p> <p>2010-2016 Eminent Member, Anti-Money Laundering Committee (AMLO)</p> <p>2011-2016 Professor of Economics (C11)</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p> <p>Banpu Public Company Limited (Energy & Utilities)</p> <p>The Health Promotion Foundation</p> <p>Thammasat University</p> <p>Ramkhamhaeng University</p> <p>Buriram Rajabhat University</p> <p>Office of the Prime Minister</p> <p>Office of National Anti-Corruption Commission</p> <p>Mahidol University</p> <p>Community Prevention and Wellness Initiative Foundation</p> <p>Office of the National Broadcasting and Telecommunications Commission (NBTC)</p> <p>Anti-Money Laundering Office (AMLO)</p> <p>Chulalongkorn University</p>	



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
9. Dr. Kulpatra Sirodom Independent Director Member of the Audit Committee Member of the Nomination and Compensation Committee The Director's date of first appointment: April 22, 2019 The Director's date of latest appointment: April 22, 2019	63	Doctor of Philosophy (Finance) University of Pittsburgh, USA Master of Business Administration (Banking and Finance) West Virginia University, USA Bachelor of Business Administration (Banking and Finance) Thammasat University - Culture of Innovation at Google Google (Thailand) Company Limited - Global Association Risk Professional The Global Association of Risk Professional - Audit Committee Program - Director Certification Program Thai Institute of Directors <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited	Common - Preferred -	-		<u>TISCO Group</u> 2019-Present Independent Director Member of the Audit Committee Member of the Nomination and Compensation Committee 2019-Present Independent Director Member of the Audit Committee <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> 2018-Present Independent Director Chairperson of the Audit Committee 2017-Present Independent Director 2013-Present Chairperson of the Corporate Governance Committee 2012-Present Chairperson of the Audit Committee 2010-Present Independent Director 1994-Present Independent Director Chairperson of the Audit Committee 2009-2018 Independent Director Member of the Audit Committee Member of the Corporate Social Responsibility Committee 2002-2018 Independent Director Member of the Audit Committee <u>Others Non-Listed Company</u> 2016-Present Independent Director 2016-Present Independent Director Chairperson of Risk Management Sub-committee 2014-2017 Independent Director <u>Others Organization</u> 2018-Present Director Chairperson of the Audit Committee 2018-Present Director Treasurer 2017-Present Director Chairperson of the Audit Committee 2013-Present Expert Member 2013-Present Director 2013-Present Expert Member 2013-Present Arbitrator 2006-Present Director 2013-2017 Expert Member on Risk Management Sub-Committee 2011-2017 Advisor 2013-2016 Revolving Evaluation Sub-Committee 2010-2016 Member of the Risk Management Sub-Committee	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) Thai Group Holding Public Company Limited (Insurance and Leasing) The Erawan Group Public Company Limited (Hotel) Thai Wacoal Public Company Limited (Consumer Goods) Thai President Food Public Company Limited (Agriculture and Food Industry) The Siam Commercial Bank Public Company Limited (Commercial Bank) President Bakery Public Company Limited (Agriculture and Food Industry) Thailand Securities Depository Company Limited (Securities Services Related to Trading) Thailand Clearing House Company Limited (Securities Services Related to Trading) Total Industrial Services Company Limited (Properties Development and Construction) Mae Fah Luang Foundation Under Royal Patronage (Foundation) Social Enterprise Thailand Association (Association) Thai Listed Companies Association (Association) Sripatum University Council (Educational Institution) Southeast Bangkok College Council (Educational Institution) Commission Policy on Private Participation in State Affairs (Government Sector) The Securities and Exchange Commission (Government Sector) The Professor Sangvian Indaravijaya Foundation (Foundation) Social Security Fund (Government Sector) The Federation of Accounting Professions under the Royal Pratonage of his Majesty the King (The Federation of Accounting Professions) The Comptroller General's Department (Government Sector) Government Pension Fund (Government Sector)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
					2006-2016 2013-2015	Director Associate Professor of Department of Finance	H.R.H. Prince Pjitjirapa Tevakul Foundation (Foundation) Faculty of Commerce and Accountancy, Thammasat Thammasat University (Educational Institution)
10. Mr. Chi-Hao Sun Director Member of the Executive Board (Authorized Signatory) The Director's date of first appointment: June 29, 2011 The Director's date of latest appointment: April 22, 2019	42	Master of Science (Finance) Bentley University, USA Master of Business Administration Boston University, USA Bachelor of Arts (Economics) Taipei University, Taiwan <u>In-House Training</u> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited	Common - Preferred -	-	2012-Present 2011-Present Apr2014-Present 2012-Present 2013-Present	<u>TISCO Group</u> Member of the Executive Board Director (Authorized Signatory) Director (Authorized Signatory) 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 <u>Others Organization</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) CDIB & Partners Investment Holding Corporation (Investment)
11. Mr. Satoshi Yoshitake Director Member of the Executive Board The Director's date of first appointment: April 23, 2019 The Director's date of latest appointment: April 23, 2019	58	Master of Business Administration Emory University, USA Bachelor of Economics Keio University, USA - Director Accreditation Program Thai Institute of Directors	Common - Preferred -	-	2019-Present 2019-Present Jul2018-Present Jul2018-Present May2012-Present	<u>TISCO Group</u> Director Member of the Executive Board Director Member of the Executive Board Managing Director Managing Director <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> - <u>Others Non-Listed Company</u> Employee (International Business Unit I) <u>Others Organization</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Tokyo Leasing Company Limited (Leasing) HTC Leasing Company Limited (Leasing) Tokyo Century Corporation (Financial Service)
12. Mr. Sakchai Peechapat Director Member of the Executive Board Member of the Risk Oversight Committee Chief Operating Officer President (Authorized Signatory) The Director's date of first appointment: April 22, 2019 The Director's date of latest appointment: April 22, 2019	52	Master of Business Administration (International Business) University of Hawaii at Manoa, USA Bachelor of Engineering (Civil Engineering) (Honors) Kasetsart University - Certificate of Executive Leadership Program, Class 27 Capital Market Academy - Thailand Insurance Leadership Program, Class 3 OIC Advanced Insurance Institute - Director Certification Program - Director Accreditation Program Thai Institute of Directors - Financial Executive Development Program (FINEX 14) The Thai Institute of Banking and Finance Association - Japan-focused Management Program Japan-America Institute of Management Science, USA <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited	Common 66,177 (0.01) Preferred -	-	2019-Present 2010-2016 2019-Present 2017-Present 2010-2016 2015-2017 2010-2017 2009-2017 2009-2017	<u>TISCO Group</u> Member of the Risk Oversight Committee Member of the Executive Board Director (Authorized Signatory) Chief Operating Officer Vice President Member of the Risk Oversight Committee Director (Authorized Signatory) Member of the Executive Board President Senior Executive Vice President - Retail Banking Chairman of the Board Director Chairman of the Board Director Chairman of the Board Director <u>Other Company with Conflict of Interest</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) HTC Leasing Company Limited (Leasing) Hi-Way Company Limited (Hire Purchase) TISCO Tokyo Leasing Company Limited (Leasing)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
		<ul style="list-style-type: none"> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC - Situation, Trend and Growth of Sustainability Development Thaipat Institute - Role of Financial Sector in Fighting Corruption Thai Institute of Directors - Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours CAPCO-The Capital Markets Company Limited 			2006-Present	<ul style="list-style-type: none"> <i>Others Listed Company</i> - <i>Others Non-Listed Company</i> Independent Director <i>Others Organization</i> - 	AXA Insurance (Thailand) Public Company Limited (Insurance)
13. Ms. Krisna Theravuthi Advisor to TISCO's Board of Directors	69	<ul style="list-style-type: none"> Master of Business Administration (Marketing) University of Wisconsin-Madison, USA Bachelor of Accountancy (Accounting) Chulalongkorn University - Director Certification Program - Director Accreditation Program - Effective Audit Committee and Best Practices 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 	Common - Preferred -	-	<ul style="list-style-type: none"> Jun2013-Present 2012-Present 2010-Present 2010-Present 2004-Present 1986-Present 	<ul style="list-style-type: none"> <i>TISCO Group</i> Advisor to TISCO's Board of Directors <i>Others</i> Director Vice President Advisor Vice Chairman Member of the Executive Board 	<ul style="list-style-type: none"> TISCO Financial Group Public Company Limited (Holding Company) Krua Charoen Company Limited (Food & Beverage) Business and Professional Women's Association of Thailand - Udontani Committee on Labour and Welfare Northeast Community Center of Mental Retardation Thavorn Udon Company Limited (Hotel)
14. Mr. Pitada Vatcharasiritham Senior Executive Vice President	55	<ul style="list-style-type: none"> Master of Business Administration Indiana University of Pennsylvania, USA Bachelor of Economics Thammasat University - Certificate of Executive Leadership Program Capital Market Academy - Corporate Governance for Capital Market Intermediaries (2016) Thai Institute of Directors - Executive Management with Business Development and Investment (Class 5) Institute of Business and Industrial Development 	Common 80,000 (0.01) Preferred -	-	<ul style="list-style-type: none"> Jan2013-Present 2010-Present 2011-Present 	<ul style="list-style-type: none"> <i>TISCO Group</i> Senior Executive Vice President Senior Executive Vice President - Corporate Banking Director <i>Others</i> - 	<ul style="list-style-type: none"> TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Securities Company Limited (Securities)
15. Mr. Chalit Silpsrikul Senior Executive Vice President	58	<ul style="list-style-type: none"> 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 <i>In-House Training</i> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC 	Common 79 (0.00) Preferred -	-	<ul style="list-style-type: none"> Feb2017-Present Jul2013-Jan2017 Feb2017-Present Jul2013-Jan2017 Mar2017-Present 	<ul style="list-style-type: none"> <i>TISCO Group</i> Senior Executive Vice President First Executive Vice President Senior Executive Vice President - Retail Banking First Executive Vice President - Wealth Management Chairman of the Board <i>Others</i> - 	<ul style="list-style-type: none"> TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Tokyo Leasing Company Limited (Leasing)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
16. Mr. Metha Pingsuthiwong Senior Executive Vice President	53	Master of Business Administration (Finance) University of Wisconsin-Milwaukee, USA Bachelor of Engineering (Electrical Engineering) Chulalongkorn University - Director Certification Program Thai Institute of Directors <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC	Common 195,800 (0.02) Preferred -	-	Feb2017-Present Jan2010-Jan2017 Feb2017-Present Jul2013-Jan2017 2019-Present 2017-2019 2019-Present Apr2019-Present Apr2017-2019 1999-Present	<u>TISCO Group</u> Senior Executive Vice President - Wealth management & Banking Services First Executive Vice President Senior Executive Vice President - Wealth management & Banking Services First Executive Vice President - Retail Banking Chairman of the Board Member of the Audit Committee Director Chairman of the Board Member of the Audit Committee Director Director <u>Others</u> Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Securities Company Limited (Securities) TISCO Asset Management Company Limited (Asset Management) TISCO Investment Advisory Securities Company Limited (Investment Advisory) Deutsche TISCO Investment Advisory Company Limited (Investment Advisory) K-Line (Thailand) Company Limited (Transportation)
17. Mr. Paiboon Nalinthangkurn First Executive Vice President	53	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 - Politics and Governance in Democratic Systems for Senior Executives King Prajadhipok's Institute The Government Complex Commemorating - Certificate of Advanced Security Management Program (ASMP 5) The Association of 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 University of the Thai Chamber of Commerce - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Corporate Governance for Capital Market Intermediaries (CGI15/2016) - Director Certification Program - Audit Committee Program Thai Institute of Directors <u>In-House Training</u> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited	Common 286,000 (0.04) Preferred -	-	2010-Present 2019-Present 2006-Present 2005-Present 2011-2019 2018-Present 2017-Present 2009-Present 2014-2015	<u>TISCO Group</u> First Executive Vice President Director Chief Executive Officer Director Chairman of the Board of Directors and Chief Executive Officer <u>Others</u> Chairman Chairman Chairman Member of the National Reform Council	TISCO Financial Group Public Company Limited (Holding Company) TISCO Investment Advisory Securities Company Limited (Investment Advisory) TISCO Securities Company Limited (Securities) Deutsche TISCO Investment Advisory Company Limited (Investment Advisory) Federation of Thai Capital Market Organizations Asian Securities and Investment Federation Investment Analysts Association The National Reform Council
18. Mr. Chatri Chandrangam First Executive Vice President Risk and Financial Control	49	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 - Corporate Governance for Capital Market Intermediaries (CGI15/2016) - Director Certification Program Thai Institute of Directors	Common 30,000 (0.00) Preferred -	-	2017-Present 2012-Present 2010-2017 2019-Present 2011-Present 2011-Present 2009-Present	<u>TISCO Group</u> First Executive Vice President - Risk and Financial Control Acting Head of Investment Executive Vice President - Risk and Financial Control Director Director Director Director Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Investment Advisory Securities Company Limited (Information Technology) TISCO Learning Center Company Limited (Learning Center) TISCO Securities Company Limited (Securities)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
		- Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC			2016-Present 2008-Present	Director Director <i>Others</i> -	All-Ways Company Limited (E-marketplace Platform) TISCO Tokyo Leasing Company Limited (Leasing)
22. Mr. Picha Ratanatam Executive Vice President	48	Master of Business Administration (Finance) California State University at San Diego, USA Bachelor of Business Administration (Applied Statistics) Chulalongkorn University - Financial Executive Development (FINEX) The Thai Institute of Banking and Finance Association <i>In-House Training</i> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC	Common - Preferred -	-	Feb2017-Present Feb2017-Present 2013-Jan2017 2019-Present	<i>TISCO Group</i> Executive Vice President Executive Vice President - Wealth Management Assistant Executive Vice President - Wealth Management Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Asset Management Company Limited (Asset Management)
23. Mr. Pairat Srivilairit Corporate Secretary Executive Vice President Governance Office	55	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 Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Advances for Corporate Secretaries - Corporate Governance for Capital Market Intermediaries (CGI15/2016) - 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 - GRI Certified Training on G4 reporting Guidelines Thaipat Institute - Anti-Corruption Strategic Management for Senior Executives Office of the National Anti-Corruption Commission <i>In-House Training</i> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited	Common - Preferred -	-	Feb2017-Present Sep2013-Present 2013-2016 Sep2013-Present Sep2013-Present Sep2013-2018 <i>Others</i> 2019-Present 2019-Present 2011-Present 2010-Present 2010-Present	<i>TISCO Group</i> Executive Vice President - Governance Office Corporate Secretary Head of Governance Office Director Director Director <i>Others</i> Member of the Audit Committee 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 (Holding Company) TISCO Information Technology Company Limited (Information Technology) Hi-Way Company Limited (Hire Purchase) TISCO Insurance Solution Company Limited (Insurance) Srinakharinwirot University The Institute of Internal Auditors of Thailand The Comptroller General's Department Bangkok Metropolitan Administration

Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
		- Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC					
24. Ms. Pavinee Ongvasith Executive Vice President	51	Master of Finance/Management/Economics Oregon State University Bachelor of Engineering Chulalongkorn University <i>In-House Training</i> - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC	Common - Preferred -	-	2019-Present 2016-2018 2018-Present 2016-Present 2011-2017 2018-Present	<i>TISCO Group</i> Executive Vice President Assistant Executive Vice President Chief Executive Officer Director Head of Asset Management – Investment <i>Others</i> Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Asset Management Company Limited (Asset Management) Fitch Ratings Limited (Provider of Credit Ratings)
25. Ms. Wanthana Chotchaisathit Assistant Executive Vice President Information Technology	54	Master of Business Administration Kasetsart University Bachelor of Science (Statistics) Kasetsart University <i>In-House Training</i> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited	Common 23,161 (0.00) Preferred -	-	Feb2019-Present 2018-2019 2014-Present	<i>TISCO Group</i> Executive Vice President - Information Technology Assistant Executive Vice President - Information Technology Director Managing Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Information Technology Company Limited (Information Technology)
26. Mr. Theeranat Rujimethapas Assistant Executive Vice President	52	Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor of Business Administration (General Marketing) Chulalongkorn University - Capital Market Academy Program (CMA 21) Capital Market Academy - Financial Executive Development Program (FINEX 23) The Thai Institute of Banking and Finance Association - Certified Financial Planner (CFP) Thai Financial Planners Association <i>In-House Training</i> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand KQ Consulting Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC	Common 8,800 (0.00) Preferred -	-	Present 2018-Present 2009-Present 2018-Present	<i>TISCO Group</i> Assistant Executive Vice President Chief Operating Officer Managing Director Director <i>Others</i> Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Asset Management Company Limited (Asset Management) Association of Investment Management Companies
27. Ms. Rachada Pruksanubal Assistant Executive Vice President	49	Master of Business Administration (Finance) Thammasat University Master of Engineering (Computer Engineering) Tokyo Institute of Technology Bachelor of Engineering (Computer Engineering) Chulalongkorn University	Common 79,000 (0.01) Preferred -	-	2019-Present 2018-Present 2018-2019 2004-2017	<i>TISCO Group</i> Assistant Executive Vice President Head of Banking Services Acting Head of Treasury Acting Head of Fund Operation Deputy Head of Treasury <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
28. Mr. Nipon Wongchotiwat Head of Enterprise Risk Management	43	Master of Science (Finance) Thammasat University Bachelor of Commerce (Finance & Economics) University of Wollongong, Australia	Common - Preferred -	-	Feb2013-Present Present	<i>TISCO Group</i> Head of Enterprise Risk Management Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) All-Ways Company Limited (E-marketplace Platform)
29. Mr. Puvarin Kullaphatkanon Head of Risk & Business Analytics	39	Master of Arts in Economics New York University, USA Bachelor of Economics Chulalongkorn University Financial Risk Manager (FRM) Global Association of Risk Professionals, USA	Common - Preferred -	-	May2014-Present	<i>TISCO Group</i> Head of Risk & Business Analytics <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
30. Ms. Chutintorn Vigasi Head of Corporate Accounting	56	Master of Business Administration (Finance) Thammasat University Bachelor of Accountancy (Accounting) Chulalongkorn University	Common 16,356 (0.00) Preferred -	-	2009-Present	<i>TISCO Group</i> Head of Corporate Accounting <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
31. Mr. Kontee Sunthornpradit Head of Planning and Budgeting	43	Master of Management (Operation Research) Case Western Reserve University, USA Master of International Economics and Finance Bachelor of Economics Chulalongkorn University	Common 13,200 (0.00) Preferred -	-	Feb2013-Present Present Present Present	<i>TISCO Group</i> Head of Planning and Budgeting Director Director Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Insurance Solution Company Limited (Insurance) TISCO Tokyo Leasing Company Limited (Leasing) HTC Leasing Company Limited (Leasing)
32. Ms. Surang Techarungnirun Head of Credit Control	45	Master of Science (Finance) Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	Common - Preferred -	-	Jan2019-Present Jul2013-Dec2018	<i>TISCO Group</i> Head of Credit Control Head of Office of the Credit Committee <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
33. Mr. Pichit Treethephasumphan Head of Appraisal & Valuation	46	Master of Housing Development (Real Estate and Housing Development Program) Chulalongkorn University Graduate Diploma Program in Property Valuation Certificate in Real Estate Developer (Mini MRE@tbs) Thammasat University	Common - Preferred -	-	Jul2013-Present	<i>TISCO Group</i> Head of Appraisal & Valuation <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
34. Ms. Dulyarat Taveebhol Head of Corporate Compliance	62	Bachelor of Accountancy (Accounting) Thammasat University - Corporate Governance for Capital Market Intermediaries (CGI15/2016) Thai Institute of Directors	Common - Preferred -	-	Jul2013-Present 2019-Present 2009-Present 2009-Present Sep2013-2019	<i>TISCO Group</i> Head of Corporate Compliance Director Director and Member of the Audit Committee Director and Member of the Audit Committee Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Investment Advisory Securities Company Limited (Investment Advisory) TISCO Asset Management Company Limited (Asset Management) TISCO Securities Company Limited (Securities) Deutsche TISCO Investment Advisory Company Limited (Investment Advisory)



Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
35. Ms. Maneerat Wattanajak Head of Compliance - Banking Business	50	Master of Financial Accounting Chulalongkorn University Bachelor of Accountancy Thammasat University	Common - Preferred -	-	2017-Present 2010-2017	<i>TISCO Group</i> Head of Compliance - Banking Business Head of Compliance - Asset Management Business <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
36. Mrs. Yaninee Papnum Head of Compliance - Asset Management Business	50	Bachelor of Accountancy (Second Class Honors) University of the Thai Chamber of Commerce	Common - Preferred -	-	Mar2017-Present 2014-Feb2017	<i>TISCO Group</i> Head of Compliance - Asset Management Business Senior Compliance Officer - Asset Management Business <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
37. Ms. Sakornrat Manuwong Head of Compliance - Securities Business	49	Bachelor of Accountancy (Accounting) Thammasat University Master Business Administration Thammasat University - Corporate Governance for Capital Market Intermediaries (CGI15/2016) Thai Institute of Directors	Common - Preferred -	-	2017-Present 2010-2016	<i>TISCO Group</i> Head of Compliance - Securities Business Head of Compliance - Banking Business <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
38. Ms. Chuenchit Trakarnratti Head of Operational Risk Management	50	Master of Science (Computer Information System) Assumption University Bachelor of Accountancy Chulalongkorn University	Common - Preferred -	-	Aug2014-Present	<i>TISCO Group</i> Head of Operational Risk Management <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
39. Ms. Nudtinee Suwanpanitch Head of Legal Office	46	Master of Business Administration Ramkhamhaeng University Bachelor of Laws Thammasat University	Common - Preferred -	-	2010-Present	<i>TISCO Group</i> Head of Legal Office <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
40. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	49	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	Common 16,544 (0.00) Preferred -	-	Feb2013-Present	<i>TISCO Group</i> Head of Internal Audit <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
41. Ms. Thitima Chotethanaprasith Head of Credit Review	50	Master of Science (Business Economic) National Institute of Development Administration Bachelor of Accountancy Thammasat University	Common - Preferred -	-	Aug2019-Present Jul2018-Jul2019 Feb2014-Jul2019	<i>TISCO Group</i> Head of Credit Review Acting Head of Credit Review/Assistant Head of Internal Audit Assistant Head of Internal Audit <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
42. Mr. Ekarat Pongkitivanitchkul Head of IT Risk Management	44	Master of Science Programme in Information Technology King Mongkut's University of Technology Thonburi	Common - Preferred -	-	Jul2018-Present Mar2017-Jul2018 Apr2015-Mar2017 Feb2013-Apr2015	<i>TISCO Group</i> Head of IT Risk Management Head of Data Governance Data Management Manager Assistant Head of Internal Audit Head of IT Audit <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)

Name/ Position / Date of first appointment/ Date of latest appointment	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
43. Mr. Somchat Lapapong Head of Corporate Services	57	Bachelor of Business Administration (Marketing) Rajamangala University of Technology	Common - Preferred -	-	2010-Present	<i>TISCO Group</i> Head of Corporate Services <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
44. Ms. Aree Archamongkol Head of Corporate Sourcing & Vendor Management	50	Master of Science, Management Information System, Chulalongkorn University Bachelor of Science, Mathematics (Second class honors) Prince of Songkla University	Common 2,300 (0.00) Preferred -	-	June 2018-Present 2014-2018	<i>TISCO Group</i> Head of Corporate Sourcing & Vendor Management Head of IT Sourcing & Vendor Management <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Information Technology Company Limited (Information Technology)
45. Ms. Nartrudee Siwabut Head of Corporate Communication	59	Master of Business Administration (Finance) Thammasat University Bachelor of Arts (English) Chulalongkorn University	Common 120,000 (0.01) Preferred -	-	2009-Present	<i>TISCO Group</i> Head of Corporate Communication <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
46. Mr. Komsorn Prakobphol Head of Economic Strategy Unit	40	Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor of Engineering Sirindhorn International Institute of Technology, Thammasat University	Common - Preferred -	-	2018-Present 2014-2017	<i>TISCO Group</i> Head of Economic Strategy Unit Head of Economic Strategy Unit <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
47. Mr. Watsakorn Thepthim Head of Human Resources	47	Master of Information System University of Manchester, UK Master of Business Administration (Management) Bachelor of Business Administration (Finance) Assumption University	Common - Preferred -	-	2012-Present 2011-Present 2011-Present	<i>TISCO Group</i> Head of Human Resources Director of Learning Center Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Learning Center Company Limited (Learning Center)
48. Mr. Kittipong Tiyaboonchai Head of Human Resources Management	47	Master of Information Systems University of Memphis, USA Master of Business Administration Bachelor of Business Administration (Banking & Finance) Chulalongkorn University	Common 8,823 (0.00) Preferred -	-	Oct2013-Present	<i>TISCO Group</i> Head of Human Resources Management <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
49. Ms. Chutiporn Luangrungsawang Head of Human Resources Services	35	Master of Arts (Industrial and Organizational Psychology) Chulalongkorn University Bachelor of Arts Chulalongkorn University	Common - Preferred -	-	Feb2017-Present Mar2016-Jan2017 Mar2015-Feb2016 Aug2014-Mar2015	<i>TISCO Group</i> Head of Human Resources Services Head of Human Resources Operations Senior Human Resources Services Officer Human Resources Services Officer <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
50. Ms. Kwannapa Ampornvisaroot Acting Head of Treasury & Investment	50	Bachelor of Arts (Accounting) Bansomdejchaopraya Teachers' College	Common 1,650 (0.00) Preferred -	-	Jan2020-Present 2015-2019	<i>TISCO Group</i> Acting Head of Treasury & Investment Senior Treasury & Investment Officer <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Securities Company Limited (Securities)

Remark: ¹ Including spouse and minor children

1.2 Corporate Secretary

The Corporate Secretary is 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.



1.3 Changes in TISCO Shareholdings by Directors and Management (as of January 1, 2020)

No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	
1	Mr. Pliu Mangkornkanok	2,221,010	2,221,010	-	-	-	-	0.28
	Including spouse and minor children	-	-	-	-	-	-	-
2	Mr. Hon Kit Ching (Alexander H. Ching)	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
3	Mr. Suthas Ruangmanamongkol	3,700,000	3,700,000	-	-	-	-	0.46
	Including spouse and minor children	-	-	-	-	-	-	-
4	Assoc. Prof. Dr. Angkarat Priebjivat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
5	Prof. Dr. Pranee Tinakorn	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
6	Prof. Dr. Teerana Bhongmakapat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
7	Mr. Sathit Aungmanee	150,035	150,035	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	-
8	Dr. Charatpong Chotigavanich	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
9	Dr. Kulpatra Sirodom	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
10	Mr. Chi-Hao Sun (Mr. Howard Sun)	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
11	Mr. Satoshi Yoshitake	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
12	Mr. Sakchai Peechapat	66,177	66,177	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
13	Ms. Krisna Theravuthi	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
14	Mr. Pitada Vatcharasiritham	-	-	-	-	-	-	-
	Including spouse and minor children	-	80,000	80,000	-	-	-	0.01
15	Mr. Chalit Silpsrikul	-	-	-	-	-	-	-
	Including spouse and minor children	79	79	-	-	-	-	0.00
16	Mr. Metha Pingsuthiwong	195,800	195,800	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	-
17	Mr. Paiboon Nalinhrangkurn	286,000	286,000	-	-	-	-	0.04
	Including spouse and minor children	-	-	-	-	-	-	-



No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	
18	Mr. Chatri Chandrangam	30,000	30,000	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
19	Mr. Rungroj Jarasvijitkul	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
20	Mr. Yuttpong Sriwongjanya	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
21	Mr. Dejphinun Suthadsanasoung	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
22	Mr. Picha Ratanatam	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
23	Mr. Pairat Srivilairit	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
24	Ms. Pavinee Ongvasith	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
25	Ms. Wanthana Chotchaisathit	23,161	23,161	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
26	Mr. Theeranat Rujimethapas	8,800	8,800	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
27	Ms. Rachada Pruksanubal	79,000	79,000	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
28	Mr. Nipon Wongchotiwat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
29	Mr. Puvarin Kullaphatkanon	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
30	Ms. Chutintorn Vigasi	16,356	16,356	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
31	Mr. Kontee Sunthornpradit	13,200	13,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
32	Ms. Surang Techarungnirun	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
33	Mr. Pichit Treethephasumphan	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
34	Ms. Dulyarat Taveebhol	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-



No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	As of January 1, 2019	As of January 1, 2020	Increase (Decrease) During the Year	
35	Ms. Maneerat Wattanajak	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
36	Mrs. Yaninee Papnum	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
37	Ms. Sakornrat Manuwong	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
38	Ms. Chuenchit Trakarnratti	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
39	Ms. Nudtinee Suwanpanitch	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
40	Ms. Jiraporn Sawsukpaiboon	16,544	16,544	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
41	Ms. Thitima Chotethanapasith	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
42	Mr. Ekarat Pongkitivanitchkul	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
43	Mr. Somchat Lapapong	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
44	Ms. Aree Archamongkol	-	2,300	2,300	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
45	Ms. Nartrudee Siwabut	120,000	120,000	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
46	Mr. Komsorn Prakobphol	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
47	Mr. Watsakorn Thepthim	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
48	Mr. Kittipong Tiyaboonchai	8,823	8,823	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
49	Ms. Chutiporn Luangrungsawang	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
50	Ms. Kwannapa Ampornvisaroot	1,650	1,650	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-

Attachment 2 Details of Directors and Management in a Subsidiaries Company (as of January 1, 2020)

Name	TISCO Financial Group Plc.	Subsidiary										
		TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO Insurance Solution Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	TISCO Investment Advisory Securities Co., Ltd.	HTC Leasing Co., Ltd. ¹
1. Mr. Pliu Mangkornkanok	ID, C	ID, C	-	-	-	-	-	-	-	-	-	-
2. Mr. Hon Kit Shing (Alexander H. Shing)	NED, VC, NCC	-	-	-	-	-	-	-	-	-	-	-
3. Mr. Suthas Ruangmanamongkol	ED, CEBD, GCEO	ED, CEBD	-	-	-	-	-	-	-	-	-	-
4. Assoc. Prof. Dr. Angkarat Priebjrivat	ID, CAC	ID, CAC	-	-	-	-	-	-	-	-	-	-
5. Prof. Dr. Pranee Tinakorn	ID, CNCC, CGC	-	-	-	-	-	-	-	-	-	-	-
6. Prof. Dr. Teerana Bhongmakapat	NED, CROC, CCGC	NED, CROC	-	-	-	-	-	-	-	-	-	-
7. Mr. Sathit Aungmanee	ID, AC, NCC	ID, AC	-	-	-	-	-	-	-	-	-	-
8. Dr. Charatpong Chotigavanich	ID, ROC, CGC	ID, ROC	-	-	-	-	-	-	-	-	-	-
9. Dr. Kulpatra Sirodom	ID, AC, NCC	ID, AC	-	-	-	-	-	-	-	-	-	-
10. Mr. Chi-Hao Sun (Howard Sun)	ED, EBD	ED, EBD	-	-	-	-	-	-	-	-	-	-
11. Mr. Satoshi Yoshitake	ED, EBD	ED, EBD	-	-	-	-	-	-	-	D	-	D
12. Mr. Sakchai Peechapat ²	ED, EBD, ROC, COO	ED, EBD, ROC, PRES	-	-	-	-	-	-	-	-	-	-
13. Ms. Krisna Theravuthi	A	-	-	-	-	-	-	-	-	-	-	-
14. Mr. Pitada Vatcharasiritham ²	SEVP	SEVP	D	-	-	-	-	-	-	-	-	-
15. Mr. Chalit Silpsrikul ²	SEVP	SEVP	-	-	-	-	-	-	-	C	-	-
16. Mr. Metha Pingsuthiwong ²	SEVP	SEVP	C, AC	C, AC	-	-	-	-	-	-	D	-
17. Mr. Paiboon Nalinthrangkurn ²	FEVP	-	D, CEO	-	-	-	-	-	-	-	C, CEO	-
18. Mr. Chatri Chandrangam	FEVP	-	D	D	D	D	-	D	-	-	D	-

¹ HTC Leasing Co., Ltd. is a Joint Venture of TISCO Tokyo Leasing Co., Ltd.² TISCO Financial Group's management seconded to manage subsidiary companies

Name	TISCO Financial Group Plc.	Subsidiary										
		TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO Insurance Solution Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	TISCO Investment Advisory Securities Co., Ltd.	HTC Leasing Co., Ltd. / ¹
19. Mr. Rungroj Jarasvijitkul	EVP	EVP	-	-	-	-	D	-	-	-	-	-
20. Mr. Yutpong Sriwongjanya	EVP	EVP	-	-	D	-	-	-	D	-	-	-
21. Mr. Dejphinun Suthadsanasoung	EVP	EVP	-	-	-	-	-	-	D	D	-	C
22. Mr. Picha Ratanatam	EVP	EVP	-	D	-	-	-	-	-	-	-	-
23. Mr. Pairat Srivilairit	CS, EVP	CS	CS	CS	D	D	-	D	-	-	CS	-
24. Ms. Pavinee Ongvasith	EVP	-	-	D, CEO	-	-	-	-	-	-	-	-
25. Ms. Wanthana Chotchaisathit	EVP	-	-	-	-	D	-	-	-	-	-	-
26. Mr. Theeranat Rujimethapass	AEVP	-	-	D, PRES	-	-	-	-	-	-	-	-
27. Ms. Rachada Pruksanubal	AEVP	AEVP	-	-	-	-	-	-	-	-	-	-
28. Mr. Nipon Wongchotiwat	FH	-	-	-	-	-	-	-	D	-	-	-
29. Mr. Puvarin Kullaphatkanon	FH	-	-	-	-	-	-	-	-	-	-	-
30. Ms. Chutintorn Vigasi	FH	-	-	-	-	-	-	-	-	-	-	-
31. Mr. Kontee Sunthornpradit	FH	-	-	-	-	-	D	-	-	D	-	D
32. Ms. Surang Techarungnirun	FH	-	-	-	-	-	-	-	-	-	-	-
33. Mr. Pichit Treethephasumphan	FH	-	-	-	-	-	-	-	-	-	-	-
34. Ms. Dulyarat Taveebhol	DH	-	D, AC	D, AC	-	-	-	-	-	-	D	-
35. Ms. Maneerat Wattanajak	FH	-	-	-	-	-	-	-	-	-	-	-
36. Ms. Yaninee Papnum	FH	-	-	-	-	-	-	-	-	-	-	-
37. Ms. Sakornrat Manuwong	FH	-	-	-	-	-	-	-	-	-	-	-
38. Ms. Chuenchit Trakarnratti	FH	-	-	-	-	-	-	-	-	-	-	-
39. Ms. Nudtinee Suwanpanitch	FH	-	-	-	-	-	-	-	-	-	-	-
40. Ms. Jiraporn Sawsukpaiboon	FH	-	-	-	-	-	-	-	-	-	-	-
41. Ms. Thitima Chotethanapasith	FH	-	-	-	-	-	-	-	-	-	-	-
42. Mr. Ekarat Pongkitivanitchkul	FH	-	-	-	-	-	-	-	-	-	-	-
43. Mr. Somchat Lapapong	FH	-	-	-	-	-	-	-	-	-	-	-
44. Ms. Aree Archamongkol	FH	-	-	-	-	-	-	-	-	-	-	-
45. Ms. Nartrudee Siwabut	FH	-	-	-	-	-	-	-	-	-	-	-

Name	TISCO Financial Group Plc.	Subsidiary										
		TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO Insurance Solution Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	TISCO Investment Advisory Securities Co., Ltd.	HTC Leasing Co., Ltd. ^{/1}
46. Mr. Komsorn Prakobphol	FH	-	-	-	-	-	-	-	-	-	-	-
47. Mr. Watsakorn Thepthim	DH	-	-	-	-	-	-	D, H	-	-	-	-
48. Mr. Kittipong Tiyaboonchai	FH	-	-	-	-	-	-	-	-	-	-	-
49. Ms. Chutiporn Luangrungsawang	FH	-	-	-	-	-	-	-	-	-	-	-
50. Ms. Kwannapa Ampornvisaroot	FH	-	-	-	-	-	-	-	-	-	-	-

Remark:

Type of Director

ID	=	Independent Director
NED	=	Non-executive Director
ED	=	Executive Director
D	=	Director

Director Position

C	=	Chairperson
VC	=	Vice Chairman
A	=	Advisor to TISCO's Board of Directors
CEBD	=	Chairperson of the Executive Board
EBD	=	Executive Board
CROC	=	Chairman of the Risk Oversight Committee
ROC	=	Risk Oversight Committee
CAC	=	Chairperson of the Audit Committee
AC	=	Audit Committee
CNCC	=	Chairperson of the Nomination and Compensation Committee
NCC	=	Nomination and Compensation Committee
CCGC	=	Chairperson of the Corporate Governance Committee
CGC	=	Corporate Governance Committee
CS	=	Corporate Secretary

Management Position

GCEO	=	Group Chief Executive
COO	=	Chief Operating Officer
SEVP	=	Senior Executive Vice President
FEVP	=	First Executive Vice President
EVP	=	Executive Vice President
AEVP	=	Assistant Executive Vice President
CEO	=	Chief Executive Officer
PRES	=	President
H	=	Head
DH	=	Division Head
FH	=	Function Head
-	=	None

Attachment 3 Details of Head of Internal Audit and Head of Compliance as of January 1, 2020

Name / Position	Age (years)	Education / Director's Training Course Program	Total Shareholding ¹ (shares/percentage)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company / Organization (Type of Business)
1. Mr. Pairat Srivilairit Corporate Secretary Executive Vice President Governance Office	55	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 Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Advances for Corporate Secretaries - Corporate Governance for Capital Market Intermediaries (CGI15/2016) - 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 - GRI Certified Training on G4 reporting Guidelines Thaipat Institute - Anti-Corruption Strategic Management for Senior Executives Office of the National Anti-Corruption Commission <u>In-House Training</u> - Understanding Thailand Data Protection Law and its unintended consequence ACIS Professional Center Company Limited - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society Thailand's Private Sector Collective Action Coalition Against Corruption: CAC	Common - Preferred -	-	Feb2017-Present Sep2013-Present 2013-2016 Sep2013-Present Sep2013-Present Sep2013-2018 2019-Present 2019-Present 2011-Present 2010-Present 2010-Present	<u>TISCO Group</u> Executive Vice President - Governance Office Corporate Secretary Head of Governance Office Director Director Director <u>Others</u> Member of the Audit Committee 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 (Holding Company) TISCO Information Technology Company Limited (Information Technology) Hi-Way Company Limited (Hire Purchase) TISCO Insurance Solution Company Limited (Insurance) Srinakharinwirot University (Educational Institution) The Institute of Internal Auditors of Thailand The Comptroller General's Department The Comptroller General's Department Bangkok Metropolitan Administration
2. Ms. Dulyarat Taveebhol Head of Corporate Compliance	62	Bachelor of Accountancy (Accounting) Thammasat University - Corporate Governance for Capital Market Intermediaries (CGI15/2016) Thai Institute of Directors	Common - Preferred -	-	Jul2013-Present 2019-Present 2009-Present 2009-Present Sep2013-2019	<u>TISCO Group</u> Head of Corporate Compliance Director Director and Member of the Audit Committee Director and Member of the Audit Committee Director <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Investment Advisory Securities Company Limited (Investment Advisory) TISCO Asset Management Company Limited (Asset Management) TISCO Securities Company Limited (Securities) Deutsche TISCO Investment Advisory Company Limited (Investment Advisory)
3. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	49	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	Common 16,544 (0.00) Preferred -	-	Feb2013-Present	<u>TISCO Group</u> Head of Internal Audit <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company)

Remark: ¹ Including spouse and minor children

Attachment 4
Details of Asset Appraisal

- Not Available -

Attachment 5

Report of the Executive Board

Appointed by the Board of Directors on April 23, 2019, the Executive Board of TISCO Financial Group Public Company Limited comprised four executive directors:

- | | |
|---------------------------------|--|
| 1. Mr. Suthas Ruangmanamongkol | Chairman <i>(April 23 to December 31, 2019)</i>
Member <i>(January 1 to April 23, 2019)</i> |
| 2. Mr. Chi-Hao Sun (Howard Sun) | Member |
| 3. Mr. Satoshi Yoshitake | Member <i>(April 23 to December 31, 2019)</i> |
| 4. Mr. Sakchai Peechapat | Member <i>(April 23 to December 31, 2019)</i> |

During the Year 2019, Ms. Oranuch Apisaksirikul was the Chairperson of the Executive Board during the period from January 1 to April 22, 2019.

The Executive Board convened twelve meetings throughout the Year 2019 on various matters in accordance with the duties and responsibilities mandated by the Charter of the Executive Board. All meeting results were reported to the Board of Directors, which in summary include:

1. Determined and proposed TISCO Group business strategy to the Board of Directors for approval,
2. Reviewed and proposed TISCO Group business plan and budget to the Board of Directors for approval,
3. Monitored Group business performance including 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. Acknowledged TISCO Group's risk profiles and the activities of the Risk Management Committee including the operational risk, IT risk and Compliance,
6. Reviewed and ratified the activities of the Credit Committee and the Problem Loan Committee,
7. Approved major credit decisions and revision of credit policies and guidelines,
8. Conducted the assessment of the adequacy of the internal control system and proposed for the Audit Committee's review and to the Board of Directors for approval,
9. Reviewed and approved major business decisions involving high risk,
10. Approved new line of business and capital change of subsidiary companies,
11. Approved the principles of Management Overlays in compliance with TFRS 9 — Financial Instruments,
12. Acted on behalf of TISCO Financial Group Public Company Limited as the major shareholder in the appointment of Board of Directors of all subsidiary companies, except TISCO Bank Public Company Limited, TISCO Securities Company Limited and TISCO Asset Management Company Limited,
13. Reported to the Board of Directors an annual assessment of the Executive Board performance,
14. Reviewed the Executive Board Charter and proposed to the Board of Directors for approval,
15. Reported the activities of the Executive Board to the Board of Directors for ratification,

The Executive Board performed self-assessment by comparing the Executive Board'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.

- *Suthas Ruangmanamongkol* -
(Mr. Suthas Ruangmanamongkol)
Chairman of the Executive Board
January 22, 2020

Attachment 6

Report of the Risk Oversight Committee

During the Year 2019, the Risk Oversight Committee of TISCO Financial Group Public Company Limited was appointed by Board of Directors on April 23, 2019 comprising of four members as follows;

- | | |
|-----------------------------------|-------------|
| 1. Prof. Dr. Teerana Bhongmakapat | Chairperson |
| 2. Dr. Charatpong Chotigavanich | Member |
| 3. Mr. Sakchai Peechapat | Member |
| 4. Mr. Chatri Chandrangam | Member |

All above directors are members of the Risk Oversight Committee throughout the Year 2019.

In 2019, the Risk Oversight Committee convened five meetings on various matters in accordance with the duties and responsibilities mandated by the Charter of the Risk Oversight Committee. For the fourth meeting were the Joint Meeting of Risk Oversight Committee and Audit Committee. All meeting results were reported to the Board of Directors, in which the activities in each meeting are summarized as follows;

1. The Committee reviewed the Charter of the Risk Oversight Committee and agreed to propose to the Board for approval, considered the proposed Head of Risk Management functions and further recommended to the Board for approval. In addition, the Committee reviewed TISCO Risk Management framework, overall risk management system, TISCO Risk Management Policy, TISCO risk exposures as of April 2019 as well as KRI monitoring and key activities by risk types.

For compliance activities, the Committee also acknowledged TISCO Bank's Market Conduct Annual Statement (MCAS) report of the year 2018.

2. The Committee reviewed and considered the Data Governance Policy and the Information Security Policy as sufficient to propose to the Board for approval.

For the compliance activities, the Committee reviewed the Compliance Supervision Improvement Plan and further recommended to the Board for approval, while also reviewed the compliance report during May to June 2019.

In addition, the Committee reviewed TISCO risk exposures as of June 2019 as well as KRI monitoring and key activities by risk types, the Risk Management Guidelines, the Risk Management models including credit risk models and capital adequacy.

3. The Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, as well as the compliance report during July to August 2019.

The Committee reviewed liquidity risk management framework, Operational Risk Management Guideline, Business Continuity Management Policy and framework, and other related guidelines and procedures, the progress of personal data protection project, and acknowledged the BOT's audit report of market conduct of TISCO Bank.

In addition, the Committee acknowledged the BOT's survey report of behavior and culture of TISCO Bank, and considered the report as significant information for Board's consideration to improve behavior and culture of TISCO Bank and the financial group.

4. The Risk Oversight Committee and Audit Committee exchanged views regarding the assessment on sufficiency and effectiveness of TISCO risk management including risk management policy and strategy based on the integrated assessment framework. In addition, the Committees reviewed policies and reports required for the Board's consideration.

5. The Committee reviewed the sufficiency and effectiveness of TISCO risk management, including risk management policy and strategy for year 2019 as sufficient and deemed effective in all aspects. In addition, the Committees reviewed Provision and Loan Classification framework for TFRS9 adoption, Stress Testing Scenarios for year 2020, and TISCO risk exposures for all risk types, the compliance report, the operational risk management, and the IT Risk Committee activities

The Risk Oversight Committee performed self-assessment by comparing the Risk Oversight Committee's activities to the Charter of the Risk Oversight Committee and leading practices, and viewed that the Risk Oversight Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

- Teerana Bhongmakapat -
(Prof. Dr. Teerana Bhongmakapat)
Chairman of the Risk Oversight Committee
January 29, 2020

Attachment 7

Report of the Audit Committee

Appointed by the Board of Directors, the Audit Committee of TISCO Financial Group Public Company Limited (TISCO) comprises the following independent directors:

- | | |
|--|---|
| 1. Assoc. Prof. Dr. Angkarat Priebjrivat | Chairperson |
| 2. Mr. Sathit Aungmanee | Member |
| 3. Dr. Kulputra Sirodom | Member (Term of service has been effective from April 23, 2019) |
| 4. Ms. Panada Kanokwat | Member (Term of service was fulfilled on April 22, 2019) |

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 14 meetings in Year 2019 with full 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 Audit 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, Internal Audit, and Credit Review:** Reviewed and assessed internal control system and internal audit works and considered all issues raised by the external auditor, Internal Audit, and Credit Review, Assessed the independence of Internal Audit department and approved annual audit plan, strategy, key performance indicators, the Charter of Internal Audit, as well as, Credit Review plan. The Audit Committee opined that the Company's internal control system and internal audit function were adequate and effective.
- **Regulatory Compliance:** Reviewed and approved compliance policy and compliance charter, reviewed and assessed annual compliance plan and reports, the Company's compliance activities and status of legal cases and litigations. Acknowledged the results of external examinations by the Bank of Thailand and those of other regulators governing TISCO group, and assessed the Company's corrective actions. The Audit Committee opined that the Company properly followed all necessary rules and regulations as imposed by regulatory authorities, and stringently took corrective actions as recommended by the regulators.
- **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 in finance and banking industry, performance, and appropriateness of the audit fee, the Audit Committee proposed the appointment of Ms. Somjai Khunapasut of EY Office Limited as the Auditor of the Company and its subsidiaries for the Year 2019.
- **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, including Joint Statement Policy which mutually released by the Bank of Thailand and the Securities and Exchange Commission on the business governance of the financial group that involves in fund management business. The Audit Committee agreed with the external auditor, Internal Audit, and Compliance 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, IT risk management and operational risk management. Acknowledged reports on material operational loss events and assessed the causes of such events and the appropriateness of pre-emptive measures to prevent future recurrences. Furthermore, the Audit Committee had a joint meeting with the Risk Oversight Committee to acknowledge and exchange views on the framework for the assessment on sufficiency and effectiveness of TISCO risk management.

- **Audit Committee Self-Assessment:** Performed self-assessment by comparing the Audit Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices. The results revealed that the Audit 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.
- **Others:** The Audit Committee was assigned by the Board of Directors to conduct verification of re-certification of Anti-Corruption Program with the Private Sector Collective Action (CAC) according to Thai Institute of Directors Checklist. In the year 2019, TISCO Financial Group and its subsidiaries are certified by CAC as anti-corruption companies.

- Angkarat Priebjrivat -
(Assoc. Prof. Dr. Angkarat Priebjrivat)
Chairperson of the Audit Committee
January 16, 2020

Attachment 8

Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on April 23, 2019, the Nomination and Compensation Committee of TISCO Financial Group Public Company Limited comprises four independent and non-executive directors and is chaired by an independent director as follows.

1. Prof. Dr. Pranee Tinakorn	Chairperson and Independent Director
2. Mr. Hon Kit Shing (Alexander H. Shing)	Member and Non-Executive Director
3. Mr. Sathit Aungmanee	Member and Independent Director
4. Dr. Kulpatra Sirodom	Member and Independent Director

The Nomination and Compensation Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating candidates for directorship from various sources, such as from proposal by the Company's shareholders, the director pools maintained by the Thai Institute of Directors Association (IOD) or other recruitment processes deemed appropriate by the Committee by taking into account the Board Skill Matrix which illustrates qualifications and diversified traits in terms of knowledge, competence, experience, and education. The Committee also nominates 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 for approval in order to preserve an effective and efficient board and management structure and to enhance the good corporate governance of TISCO Group.

In 2019, the Committee convened four meetings with full attendances. Major activities performed during the year in accordance with the responsibilities in the Charter, all of which were reported and ratified by the Board of Directors, were as follows:

1. Reviewing the Guidelines for Board Composition and Selection Criteria for TISCO Group and recommending to the Board of Directors for approval,
2. Reviewing the Board Skill Matrix and the profiles of the candidates for director position,
3. Recommending number of directors and nominating qualified candidates for director position of TISCO and TISCO Bank for the Board of Directors to recommend to the Annual General Meeting of Shareholders for approval,
4. Reviewing the Remuneration Policy for Directors and Management and recommending to the Board of Directors for approval,
5. Reviewing the directors' remuneration and ensuring the directors' remuneration to be commensurate with their responsibilities and performance and benchmarking with the industry, and recommending to the Board of Directors to further recommend to the Annual General Meeting of Shareholders for approval,
6. Recommending the appointment of Chairman and Vice Chairman of the Board of Directors and other committees namely Executive Board, Risk Oversight Committee, Audit Committee, Nomination and Compensation Committee, and Corporate Governance Committee including Advisor to the Board of Directors,
7. Adopting the Board Performance Self-Assessment Guidelines and Questionnaires for the Year 2019 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,
8. Acknowledging and proposing the results of the Board Performance and Independence of Director Assessments to the Board of Directors for ratification and recommending improvements to be implemented to enhance board performance,
9. Considering the employment term, compensation and the contract of the Group Chief Executive, including considering and agreeing with the Business KPI of TISCO Group proposed by Management to be applied for the Group Chief Executive's performance assessment,
10. Evaluating and proposing the results of the Group Chief Executive's performance to the Board of Directors for approval,
11. Considering the appointment of new directors for replacement of TISCO and/or TISCO Bank and the amendment to the authorized signatories of TISCO and TISCO Bank to the Board of Directors for approval,
12. Considering the director succession plan to be in accordance with the Bank of Thailand's regulation on Corporate Governance of Financial Institutions,

13. Reviewing the Charter and the Annual Plan of the Committee and recommending to the Board of Directors for approval,
14. Acknowledging the training and professional development programs for Directors and Management,
15. Approving the promotion and appointment of new director of subsidiary companies namely, TISCO Securities Co., Ltd and TISCO Asset Management Co., Ltd,
16. Approving the promotion of senior management level of TISCO,
17. Approving the incentive pay, bonus appropriation for management and staff for the Year 2019,
18. Acknowledging the activities report of Human Resources Committee including succession plan for senior management.

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 of the Nomination and Compensation Committee
February 25, 2020

Attachment 9

Report of the Corporate Governance Committee

Appointed by the Board of Directors on April 23, 2019, the Corporate Governance Committee of TISCO Financial Group Public Company Limited comprises three independent and non-executive directors as follows.

- | | | |
|----|------------------------------------|---|
| 1. | Professor Dr. Teerana Bhongmakapat | Chairman and Non-Executive Director
<i>(Since April 23, 2019)</i>
Member and Non-Executive Director
<i>(January 1 to April 22, 2019)</i> |
| 2. | Professor Dr. Pranee Tinakorn | Member and Independent Director |
| 3. | Dr. Charatpong Chotigavanich | Member and Independent Director |

During the period from January 1 to April 22, 2019, Ms. Patareeya Benjapolchai was Chairperson and Independent Director and Ms. Panada Kanokwat was Member and Independent Director.

The Committee is charged with the responsibility of setting and reviewing policies and guidelines of corporate governance and sustainable development, oversee the practice of the Board, Board Committees, and the Management in compliance with the Corporate Governance Principles and Policies, Code of Conduct, and related laws and regulations, maintain checks and balances between the Board and the Management, protect shareholders' rights and ensure equitable treatment being provided, and develop corporate governance system for the benefits of shareholders and other stakeholders.

In 2019, the Committee has duly performed the duties set forth in the Corporate Governance Committee Charter and executed the tasks mandated by the Board of Directors. The Committee convened a total of four meetings, which in summary includes:

1. Considered and recommended the revision of the Corporate Governance Policy in accordance with the Corporate Governance Code for listed companies of the Securities and Exchange Commission (SEC CG Code), Corporate Governance Guidelines of Financial Institutions from the Bank of Thailand (BOT), the international principles as well as the current practices, rules and regulations covering financial institutions and listed companies on the Stock Exchange of Thailand, and proposed to the Board for approval,
2. Considered the results and recommendations on corporate governance and sustainable development assessments of TISCO by the Thai Institute of Directors Association, the Thai Investors Association, the Stock Exchange of Thailand, and the Thai Listed Companies Association, and recommended enhancement to the Board,
3. Considered the Sustainability Report, and provided recommendations to Management,
4. Reviewed the revision of the Approval Authority Guideline, and proposed to the Board for approval,
5. Considered the conflict of interest of newly-appointed member of Executive Board in compliance with Corporate Governance Policy, the SEC CG Code, Banking Industry Code of Conduct of the Thai Bankers' Association, the BOT's Corporate Governance Guidelines of Financial Institutions,
6. Considered and reviewed the proportion of Independent Director in the Board and the number of board members specified in the CG Policy to only conform to the minimum regulatory requirements with the SEC CG Code and the BOT's Corporate Governance Guidelines of Financial Institutions,
7. Reviewed and acknowledged the implementation progress of Corporate Governance and Sustainable Development including the Sustainability Development Roadmap and the environmental and social risk assessment,
8. Considered and acknowledged the progress of the Thai Banker's Association on Sustainable Banking and Responsible Lending,
9. Reviewed self-authorized expenses of the Chairperson of Executive Board and the Group Chief Executive, and
10. Reviewed the Committee's Charter and annual plan.

The Corporate Governance Committee performed self-assessment by comparing the Committee's activities to its Charter, 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.

- Teerana Bhongmakapat -

(Professor Dr. Teerana Bhongmakapat)

Chairman of the Corporate Governance Committee

February 5, 2020

Attachment 10

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

February 25, 2020

**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.**

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: 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: 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; 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. 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.	/	
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.	/	
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		

Question	Yes	No
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 carry out 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.	/	

Question	Yes	No
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.	/	
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' minutes 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 deficiencies 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.	/	

Question	Yes	No
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 reporting 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 11

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, 2019.

- Pliu Mangkornkanok -
(Mr. Pliu Mangkornkanok)
Chairman of the Board

- Suthas Ruangmanamongkol -
(Mr. Suthas Ruangmanamongkol)
Group Chief Executive

Independent Auditor's Report

To the Shareholders of TISCO Financial Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowance for doubtful accounts for loans to customers

As discussed in Notes 1.6.9 and 3.6 to the financial statements, as at 31 December 2019, the Group had loans to customers of Baht 242,826 million (accounting for 81% of total assets) and allowance for doubtful accounts of Baht 10,709 million, which is a material amount. The estimation of allowance for doubtful accounts was made based on the criteria established by the Bank of Thailand and adjusted to incorporate the additional amounts that are expected not to be collectible, which relies on various estimation assumptions. Management is required to exercise considerable judgment in determining the assumptions to be used in estimating the losses expected to be incurred as a result of debtors being unable to repay principal and interest. Therefore, I have focused on examining the adequacy of the allowance for doubtful accounts for loans to customers.

I have performed audit procedures on the allowance for doubtful accounts by gaining an understanding of the estimation process and the Group's recording of allowance for doubtful accounts, assessing and testing the internal controls relevant to the recording of allowance for doubtful accounts, the collection of debts and the calculation of allowance for doubtful accounts for loans to customers, including the loan classification process and the collateral valuation, by making enquiry of responsible executives and selecting representative samples to test the operation of the designed controls. I checked the accuracy of the data used in the calculation of allowance for doubtful accounts to its source. I performed analytical procedures to compare the assumptions that the Group used to calculate allowance for doubtful accounts with historical data, the regularity in applying the assumptions, and evaluated the methods that the Group elected to use in estimating allowance for doubtful accounts for each type of product. I reviewed the completeness of loan's information and tested the accuracy of loan classification as at the end of reporting period.

In addition, I assessed the allowance for doubtful accounts calculated by the management by randomly selecting sample of customers to test the correctness of status of the loans, the loan classification and the existence of collateral, testing the calculation of the valuation of collateral and also testing whether the calculation of the allowance for doubtful accounts was in accordance with the Group's guidelines in cases where the Group sets loan loss provisions on a specific basis and by testing the calculation of the probability of default and loss given default as well as the allowance calculation in cases where the Group applies a collective approach to loan loss provisioning.

Interest income recognition

The Group's interest income recognition policy is as discussed in Note 1.6.1 to the financial statements. The Group's major source of revenue is interest income from loans, which amounted to Baht 17,073 million in the year 2019, accounting for 69% of total revenues. I focused my audit on recognition of interest income because there are a large number of customers such as retail loans, corporate loans and commercial lending loans. There are various types of credit, and there are a variety of conditions in the agreements, with the conditions for interest income recognition differing for each type of agreement. In addition, the Group's recognition of interest income is primarily dependent on data processing by IT system. I therefore focused my audit to determine whether the interest income was recognized in the correct amounts.

I performed my audit by gaining an understanding of, assessing and testing at random the design and the operation of both the IT system controls and internal controls related to loan origination, collection, recognition of interest income and the cessation of the recognition of interest income. I also selected samples of loan agreements to evaluate whether lending, cash receipt and income transactions were recorded in accordance with the conditions in the loan agreement and in compliance with the Group's interest income recognition policy. In addition, I performed analytical procedures on interest income data and, on a sampling basis, examined significant adjustments made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499
EY Office Limited
Bangkok: 11 February 2020

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Cash		1,102,557	1,191,800	70	70
Interbank and money market items - net	3.2	45,300,141	54,071,389	1,098,459	641,395
Derivatives assets	3.3	21,907	5,685	-	-
Investments - net	3.4, 3.8	9,363,032	9,012,345	836,827	780,284
Investments in subsidiaries and joint venture - net	3.5	813,602	800,151	20,069,135	20,069,127
Loans to customers and accrued interest receivables	3.6, 3.8				
Loans to customers		263,569,157	261,056,899	2,210,000	2,075,000
Accrued interest receivables		1,240,929	642,526	-	-
Total loans to customers and accrued interest receivables		264,810,086	261,699,425	2,210,000	2,075,000
Less: Deferred revenue		(20,743,017)	(20,402,559)	-	-
Less: Allowance for doubtful accounts	3.7	(10,709,365)	(11,665,492)	-	-
Less: Allowance for loss on debt restructuring	3.7	(7,343)	(8,146)	-	-
Loans to customers and accrued interest receivables - net		233,350,361	229,623,228	2,210,000	2,075,000
Properties foreclosed - net	3.9	18,429	10,857	-	-
Investment properties	3.10	30,304	39,388	955,266	831,043
Premises and equipment - net	3.11	2,984,152	2,992,229	800,379	957,714
Intangible assets - net	3.12	329,460	448,222	124,209	159,531
Deferred tax assets	3.30	1,324,904	991,525	146,763	152,571
Securities and derivatives business receivables - net		1,164,066	948,528	-	-
Dividend receivable from subsidiaries	3.34	-	-	5,877,944	5,258,642
Other assets	3.13	2,501,180	2,409,287	196,712	166,983
Total assets		298,304,095	302,544,634	32,315,764	31,092,360

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 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and equity					
Liabilities					
Deposits	3.14	216,084,551	193,108,310	-	-
Interbank and money market items	3.15	4,656,133	4,374,674	-	-
Liabilities payable on demand		306,867	238,219	-	-
Derivatives liabilities	3.3	-	10,653	-	-
Debts issued and borrowings	3.16	25,016,919	55,556,919	6,300,000	5,840,000
Provision for long-term employee benefits	3.17	1,485,868	827,442	265,897	176,986
Deferred tax liabilities	3.30	-	8,499	-	-
Securities and derivatives business payables - net		820,545	995,276	-	-
Accrued interest payable		1,005,621	881,275	17,045	9,871
Income tax payable		911,330	753,846	9,380	4,916
Other liabilities	3.18	8,820,147	7,960,065	1,449,497	1,481,562
Total liabilities		259,107,981	264,715,178	8,041,819	7,513,335

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 2019

(Unit: Thousand Baht)

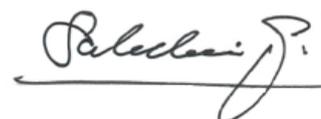
Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Equity				
Share capital				
Registered				
33,858 preference shares of Baht 10 each	339	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up				
9,859 preference shares of Baht 10 each	99	99	99	99
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456	8,006,456
	<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	-	-	87	87
Share premium on ordinary shares	1,018,408	1,018,408	7,031,436	7,031,436
	<u>1,018,408</u>	<u>1,018,408</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of equity	1,810,936	1,753,824	348,081	257,304
Retained earnings				
Appropriated-statutory reserve	801,000	801,000	801,000	801,000
Unappropriated	27,556,084	26,116,740	8,086,786	7,482,643
Equity attributable to equity holders of the Company	<u>39,192,983</u>	<u>37,696,527</u>	<u>24,273,945</u>	<u>23,579,025</u>
Non-controlling interest of the subsidiaries	3,131	132,929	-	-
Total equity	<u>39,196,114</u>	<u>37,829,456</u>	<u>24,273,945</u>	<u>23,579,025</u>
Total liabilities and equity	<u>298,304,095</u>	<u>302,544,634</u>	<u>32,315,764</u>	<u>31,092,360</u>
	-	-	-	-

The accompanying notes are an integral part of the financial statements.


(Mr. Suthas Ruangmanamongkol)

Group Chief Executive


 บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
 TISCO Financial Group Public Company Limited


(Mr. Sakchai Peechapat)

President and Chief Operating Officer

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the year ended 31 December 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Continuing operations					
Interest income	3.22	17,881,207	17,690,276	60,658	67,293
Interest expenses	3.23	(5,088,798)	(5,075,507)	(86,109)	(89,470)
Net interest income		12,792,409	12,614,769	(25,451)	(22,177)
Fee and service income		6,510,972	6,339,093	-	-
Fee and service expenses		(325,754)	(243,666)	(17,175)	(17,857)
Net fee and service income	3.24	6,185,218	6,095,427	(17,175)	(17,857)
Net gains (losses) on trading and foreign exchange transactions	3.25	(24,227)	6,339	(59,493)	(6,700)
Net gains on investments	3.26	6,817	496,291	-	23
Share of profit from investment accounted for under equity method	3.5.2	12,108	222,708	-	-
Dividend income	3.5.1	64,617	62,584	5,877,944	5,258,642
Penalty fee income from loans		294,907	331,035	-	-
Intercompany supporting fee income	3.34	-	-	2,185,213	2,156,929
Other operating income	3.28	103,796	204,018	84,092	70,905
Total operating income		19,435,645	20,033,171	8,045,130	7,439,765
Operating expenses					
Employee expenses		6,410,362	5,839,300	997,625	1,103,288
Directors' remuneration		18,125	16,425	18,125	16,425
Premises and equipment expenses		1,304,846	1,213,428	610,850	469,704
Taxes and duties		296,605	303,080	2,298	2,241
Other operating expenses	3.29	1,240,853	1,381,034	113,108	136,920
Total operating expenses		9,270,791	8,753,267	1,742,006	1,728,578
Bad debts, doubtful accounts and impairment losses	3.27	1,109,103	2,701,452	-	-
Profit from operations before income tax expenses		9,055,751	8,578,452	6,303,124	5,711,187
Income tax expenses	3.30	1,782,553	1,663,017	78,840	84,392
Profit for the year from continuing operations		7,273,198	6,915,435	6,224,284	5,626,795
Discontinued operations					
Profit for the year from discontinued operations		-	128,306	-	-
Total profit for the year		7,273,198	7,043,741	6,224,284	5,626,795

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 2019**

		(Unit: Thousand Baht, except earnings per share expressed in Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
Other comprehensive income:					
	<i>3.31</i>				
Continuing operations					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gains (losses) on valuation in available-for-sale investments	<i>3.20</i>	74,272	(233,032)	114,260	(82,598)
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		1,342	3,517	-	-
Income tax effects	<i>3.30, 3.32</i>	(14,854)	45,062	(22,852)	16,520
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		60,760	(184,453)	91,408	(66,078)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Changes in surplus on revaluation of assets	<i>3.21</i>	-	387,623	-	106,651
Actuarial losses	<i>3.17</i>	(288,575)	(56,943)	(20,627)	(29,510)
Income tax effects	<i>3.30, 3.32</i>	57,556	(66,712)	4,125	(15,428)
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(231,019)	263,968	(16,502)	61,713
Other comprehensive income for the year from continuing operations		(170,259)	79,515	74,906	(4,365)
Total other comprehensive income for the year		(170,259)	79,515	74,906	(4,365)
Total comprehensive income					
Total comprehensive income from continuing operations		7,102,939	6,994,950	6,299,190	5,622,430
Total comprehensive income from discontinued operations		-	128,306	-	-
Total comprehensive income for the year		7,102,939	7,123,256	6,299,190	5,622,430
Profits attributable to					
Equity holders of the Company					
	<i>3.33</i>				
Profit for the year from continuing operations		7,270,233	6,887,379	6,224,284	5,626,795
Profit for the year from discontinued operations		-	128,306	-	-
Profit for the year attributable to the Company		7,270,233	7,015,685	6,224,284	5,626,795
Non-controlling interests of the subsidiaries					
Profit for the year from continuing operations		2,965	28,056		
Profit for the year from discontinued operations		-	-		
Profit for the year attributable to non-controlling interests of the subsidiaries		2,965	28,056		
		7,273,198	7,043,741		

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 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Total comprehensive income attributable to					
Equity holders of the Company					
Total comprehensive income for the year from continuing operations		7,100,094	6,966,734	6,299,190	5,622,430
Total comprehensive income for the year from discontinued operations		-	128,306	-	-
Total comprehensive income for the year attributable to the Company		<u>7,100,094</u>	<u>7,095,040</u>	<u>6,299,190</u>	<u>5,622,430</u>
Non-controlling interests of the subsidiaries					
Total comprehensive income for the year from continuing operations		2,845	28,216		
Total comprehensive income for the year from discontinued operations		-	-		
Total comprehensive income for the year attributable to non-controlling interests of the subsidiaries		<u>2,845</u>	<u>28,216</u>		
		<u>7,102,939</u>	<u>7,123,256</u>		
Earnings per share of equity holders of the Company					
Basic earnings per share (Baht per share)	3.33				
Equity holders of the Company					
Profit from continuing operations		9.08	8.60	7.77	7.03
Profit from discontinued operations		-	0.16	-	-
		<u>9.08</u>	<u>8.76</u>	<u>7.77</u>	<u>7.03</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 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax from continuing operations	9,055,751	8,578,452	6,303,124	5,711,187
Profit before income tax from discontinued operations	-	128,306	-	-
Profit from operations before income tax	9,055,751	8,706,758	6,303,124	5,711,187
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	381,961	390,757	144,587	153,967
Bad debts and doubtful accounts	2,971,802	4,898,708	-	-
Share of profit from investment accounted for under equity method	(12,108)	(222,708)	-	-
Allowance for impairment of investments (reversal)	4,769	(1,355)	-	1
Reversal of allowance for impairment of properties foreclosed	(11,111)	(268)	-	-
Gains on disposal of investments in securities	(12,501)	(495,267)	-	-
Unrealised (gains) losses on foreign exchange transactions and trading derivatives	41,056	(6,455)	57,716	6,700
Gains (losses) on changes in value of investment properties	1,022	(6,992)	-	3,460
Gains on disposal of equipment and intangible assets	(3,290)	(5,661)	(830)	(972)
Losses on written-off of equipment and intangible assets	2,297	472	55	1
Gains on disposal of properties foreclosed	(42,934)	(71,336)	-	-
Employee benefit expenses	406,899	83,138	72,178	14,286
(Increase) decrease in accrued income	(306,256)	261,429	4,195	6,112
Increase in accrued expenses	383,486	536,621	6,581	11,556
Net interest income	(12,792,409)	(12,828,669)	25,451	22,177
Dividend income	(64,617)	(62,584)	(5,877,944)	(5,258,642)
Cash received on interest income	16,948,275	17,680,774	60,526	67,263
Cash paid on interest expenses	(3,900,762)	(3,844,808)	(78,935)	(113,867)
Cash received on dividend income	64,617	62,584	5,258,642	4,132,342
Cash received on income tax	18,967	-	-	-
Cash paid on income tax	(1,839,085)	(2,018,179)	(87,136)	(102,748)
Profit from operating activities before changes in operating assets and liabilities	11,295,829	13,056,959	5,888,210	4,652,823
Operating assets (increase) decrease				
Interbank and money market items - net	8,758,584	(9,424,150)	(456,943)	(404,194)
Loans to customers	(7,808,565)	4,253,506	(135,000)	1,465,000
Securities and derivatives business receivables	(215,538)	1,393,513	-	-
Receivables from clearing house	114,006	(114,224)	-	-
Properties foreclosed	1,746,124	1,849,032	-	-
Other assets	76,061	-201,668	-33,924	-7,262

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 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating liabilities increase (decrease)				
Deposits	22,976,241	12,304,466	-	-
Interbank and money market items	281,459	357,167	-	-
Liabilities payable on demand	68,648	(193,142)	-	-
Securities and derivatives business payables	(174,731)	(1,220,980)	-	-
Short-term debts issued and borrowings	460,000	(25,021,700)	460,000	(1,600,000)
Payable to clearing house	278,256	(52,820)	-	-
Provision for long-term employee benefits	(37,048)	(47,493)	(3,894)	(21,037)
Other liabilities	(638,380)	(1,099,657)	(38,646)	36,639
Net cash flows from (used in) operating activities	37,180,946	(4,161,191)	5,679,803	4,121,969
Cash flows from investing activities				
Cash paid for purchase of investments in securities held for investment	(36,584,587)	(12,333,737)	(122,989)	-
Cash received from disposal of investments in securities held for investment	36,256,313	11,125,400	123,000	-
Cash paid for purchase of equipment	(206,836)	(191,004)	(54,931)	(72,607)
Cash paid for purchase of intangible assets	(46,891)	(77,495)	(27,518)	(47,268)
Cash received from disposal of equipment	3,565	8,061	7,036	972
Cash received from disposal of intangible assets	395	-	36	-
Cash paid for acquisition of a subsidiary	(87,719)	-	(8)	(24)
Net cash flows used in investing activities	(665,760)	(1,468,775)	(75,374)	(118,927)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	2,400,000	20,000,000	-	-
Cash paid for redemption of long-term debentures	(33,400,000)	(10,500,000)	-	-
Dividend paid	(5,604,429)	(4,003,042)	(5,604,429)	(4,003,042)
Net cash flows from (used in) financing activities	(36,604,429)	5,496,958	(5,604,429)	(4,003,042)
Net decrease in cash	(89,243)	(133,008)	-	-
Cash at beginning of the year	1,191,800	1,324,808	70	70
Cash at end of the year	1,102,557	1,191,800	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 2019

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to equity holders of the Company														
Other components of equity														
Note	Issued and paid-up		Share premium on 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	Total other components of equity	Retained earnings		Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
	Preference shares	Ordinary shares		Investments	of assets					Appropriated	Unappropriated			
Balance as at 1 January 2018	99	8,006,456	1,018,408	96,908	879,285	(2,257)	679,266	1,653,202	801,000	23,125,364	34,604,529	127,236	34,731,765	
Dividend paid	4	-	-	-	-	-	-	-	-	(4,003,042)	(4,003,042)	-	(4,003,042)	
Profit for the year		-	-	-	-	-	-	-	-	7,015,685	7,015,685	28,056	7,043,741	
Other comprehensive income for the year		-	-	(187,970)	310,099	3,517	-	125,646	-	(46,291)	79,355	160	79,515	
Total comprehensive income for the year		-	-	(187,970)	310,099	3,517	-	125,646	-	6,969,394	7,095,040	28,216	7,123,256	
Transfer surplus on revaluation of assets to retained earnings		-	-	-	(25,024)	-	-	(25,024)	-	25,024	-	-	-	
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(22,523)	(22,523)	
Balance as at 31 December 2018	99	8,006,456	1,018,408	(91,062)	1,164,360	1,260	679,266	1,753,824	801,000	26,116,740	37,696,527	132,929	37,829,456	
Balance as at 1 January 2019	99	8,006,456	1,018,408	(91,062)	1,164,360	1,260	679,266	1,753,824	801,000	26,116,740	37,696,527	132,929	37,829,456	
Dividend paid	4	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)	-	(5,604,429)	
Profit for the year		-	-	-	-	-	-	-	-	7,270,233	7,270,233	2,965	7,273,198	
Other comprehensive income for the year		-	-	59,418	-	1,342	-	60,760	-	(230,899)	(170,139)	(120)	(170,259)	
Total comprehensive income for the year		-	-	59,418	-	1,342	-	60,760	-	7,039,334	7,100,094	2,845	7,102,939	
Transfer surplus on revaluation of assets to retained earnings		-	-	-	(3,648)	-	-	3,648	-	4,439	791	-	791	
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(132,643)	(132,643)	
Balance as at 31 December 2019	99	8,006,456	1,018,408	(31,644)	1,160,712	2,602	679,266	1,810,936	801,000	27,556,084	39,192,983	3,131	39,196,114	

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 2019

(Unit: Thousand Baht)

Note	Separate financial statements										
	Issued and paid-up				Other components of equity			Retained earnings		Total	
	Preference		Ordinary		Share premium	Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Appropriated		Unappropriated
	Preference shares	Ordinary shares	Preference shares	Ordinary shares							
Balance as at 1 January 2018	99	8,006,456	87	7,031,436		16,457	224,985	241,442	801,000		5,879,117
Dividend paid	-	-	-	-	-	-	-	-	-	(4,003,042)	(4,003,042)
Profit for the year	-	-	-	-	-	-	-	-	-	5,626,795	5,626,795
Other comprehensive income for the year	-	-	-	-	(66,078)	85,320	19,242	-	-	(23,607)	(4,365)
Total comprehensive income for the year	-	-	-	-	(66,078)	85,320	19,242	-	-	5,603,188	5,622,430
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(3,380)	(3,380)	-	-	3,380	-
Balance as at 31 December 2018	99	8,006,456	87	7,031,436	(49,621)	306,925	257,304	801,000	7,482,643	23,579,025	
Balance as at 1 January 2019	99	8,006,456	87	7,031,436	(49,621)	306,925	257,304	801,000	7,482,643	23,579,025	
Dividend paid	-	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)
Profit for the year	-	-	-	-	-	-	-	-	-	6,224,284	6,224,284
Other comprehensive income for the year	-	-	-	-	91,408	-	91,408	-	-	(16,502)	74,906
Total comprehensive income for the year	-	-	-	-	91,408	-	91,408	-	-	6,207,782	6,299,190
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(631)	(631)	-	-	790	159
Balance as at 31 December 2019	99	8,006,456	87	7,031,436	41,787	306,294	348,081	801,000	8,086,786	24,273,945	

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 2019

1. Basis of preparation and presentation of financial statements and significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements for the year ended 31 December 2019 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and the regulation of the Bank of Thailand ("BOT"), and their presentation has been made in compliance with the Bank of Thailand'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 subsidiaries 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.

1.3 Separate financial statements

The separate financial statements present investments in subsidiaries and joint venture under the cost method.

1.4 New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the effect of the adoption of these accounting standards to the statements of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 444 million and the Group's equity by approximately Baht 444 million, with most of the impacts resulting from the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value through profit or loss.
- Classification and measurement of investments in available-for-sale equity securities - The Group's available-for-sale investments in listed equity securities are measured at fair value through other comprehensive income. The Group has decided to classify these investments as financial assets at fair value through profit or loss. The cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.

Moreover, the Group is to recognise an allowance for expected credit losses on its financial assets, in which the management of the Group expects that there will be a remaining excess loan loss reserve which will be gradually released under the straight-line method for 5 years according to the Bank of Thailand's guideline.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to

recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group expects the effect of the adoption of this accounting standard to the statements of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 1,287 million (The Company only: approximately Baht 1 million) and the Group's liabilities by approximately Baht 1,287 million (The Company only: approximately Baht 1 million).

1.5 Change in accounting estimation

Change in accounting estimation and recording of depreciation of revalued assets

At the end of 2018, the Company and its subsidiaries reappraised office condominiums and at the same time had the useful lives of the office condominiums estimated by an independent professional appraiser. As a result, effective from 1 January 2019, the Company and its subsidiaries have changed the remaining useful lives of office condominiums from 15 years to 30 years in order to align them with the estimated useful lives of the assets determined using a prospective method.

The amounts affecting the statements of comprehensive income are summarised below.

	Consolidated financial statements		Separate financial statements	
	Increase (decrease) in profit after tax (Thousand Baht)	Increase (decrease) in basic earnings per share (Baht per share)	Increase (decrease) in profit after tax (Thousand Baht)	Increase (decrease) in basic earnings per share (Baht per share)
For the year 2019	15,584	0.02	3,577	0.01
For the year 2020	15,584	0.02	3,577	0.01
For the year 2021	15,584	0.02	3,577	0.01
For the year 2022	15,584	0.02	3,577	0.01
For the year 2023 - 2048	(62,337)	(0.08)	(14,307)	(0.02)

1.6 Significant accounting policies

1.6.1 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 loan against auto license 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.

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.

- f) Incentive fee income on fund management
The subsidiary operating an asset management business recognises incentive fee income, which arises when the annual returns of funds that the company is managing exceeds the threshold for the performance of the fund, as revenue at year-end when there is a high likelihood that the income will occur.

1.6.2 Expense recognition

- a) Interest expenses
Interest expenses are charged to expenses on an accrual basis.
- b) Commissions and direct expenses of the hire purchase business/loan against auto license.
The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase/loan against auto license contracts using the effective interest rate method, and deduct them from interest income over the installment period.
Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.6.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating a 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 - net" in the statements of financial position and the securities purchased are used as collateral.

Under securities purchased 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.

1.6.4 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 other 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 general 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 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.
- h) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and general investments are recognised in profit or loss.

- i) The weighted average method is used for computation of the cost of investments.
 - j) 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.
 - k) Purchases and sales of investments are recorded on the settlement date.
- 1.6.5 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 recorded 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 debts. 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 debts is based on the same Bank of Thailand's guideline as allowance for loans to customers.
- Investments in receivable purchased or transferred in are recorded as loans to customers in the statement of financial position at the fair value of consideration given in exchange, plus direct costs. Subsequent to initial recognition, these investments in receivable are valued at balances on the same basis as loans to customers.
- 1.6.6 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.
- 1.6.7 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.
- 1.6.8 Securities and derivatives business receivables
- Securities and derivatives business receivables comprise the net balance of securities business receivables and derivatives 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.
- 1.6.9 Allowance for doubtful accounts and loss on debt restructuring
- a) The subsidiary company operating a banking business provides allowance for doubtful accounts and loss on 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 and loan against auto license 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 and loan against auto license receivables, the subsidiary company records allowance for doubtful accounts at a rate 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 period of collateral disposal being set with reference to BOT's Notifications.

For hire purchase receivables and loan against auto license receivables that are classified as pass, special mention and non-performing loans, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables and loan against auto license receivables.

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 10 June 2016.

- 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 a hire purchase business, allowance for doubtful accounts is set aside using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) Subsidiary companies operating other lending business set aside allowance for doubtful accounts for loans to customers classified as pass and special mention 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, the subsidiary companies record allowance for doubtful accounts at a rate 100% of the debt balance net of collateral value.
- e) 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.
- f) 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 provision for doubtful accounts in the period of recovery.

1.6.10 Troubled debt restructuring

The subsidiary company operating a 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.

1.6.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company operating a securities business in cash accounts for securities trading and derivatives 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.

1.6.12 Borrowing and lending of securities

The subsidiary company operating a 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.

The 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.

1.6.13 Properties foreclosed

Properties 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 a banking business is required to record the additional general reserve for declining in value of properties foreclosed in accordance with the notifications of the Bank of Thailand and the management's estimates.

The subsidiary companies recognise loss on impairment in profit or loss. Gains or losses from disposal of properties foreclosed are recognised upon disposal.

1.6.14 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).

1.6.15 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's 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 expenses.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company's 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 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	-	18 - 50	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	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.

1.6.16 Intangible assets

The Company and its subsidiaries initially recognise 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 amortise intangible assets with finite lives on a systematic basis over the economic useful life and test for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries review 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 amortise over the following estimated useful lives:

The license agreements with specified number of years of usage	-	according to the year of license agreement b straight-line basis
The license agreements with no specified number of years of usage	-	5 years by the straight-line basis
No license agreements	-	5 years by the straight-line basis

1.6.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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 years 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.

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.

1.6.18 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 equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

1.6.19 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, cancelled or expired.

1.6.20 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 reference rates announced by the Bank of Thailand at the end of each reporting period.

Gains and losses on exchange are included in determining income.

1.6.21 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 expenses of the Company and its subsidiaries is annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the Company's share price. The Company and its subsidiaries record these expenses 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 expenses 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 their employees have jointly established a provident fund. The fund is monthly contributed by the employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's 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 they 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.

1.6.22 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.

1.6.23 Derivatives and hedge accounting

- a) The subsidiary operating a 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) The subsidiary operating a 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.

1.6.24 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 maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of 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.

1.6.25 Financial instruments

- a) Financial risk management

The Company's 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 receivables, receivable from clearing house, loans to customers and accrued interest receivables, deposits, interbank and money market items (liabilities), liabilities payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivatives 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 estimated 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 of greater than one year, fair value is 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 derivatives business payables and payable to clearing house, the carrying amounts in the statement of financial position approximate their fair value.
- For investments in debt 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 investments in marketable 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 receivables, 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 outflows 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 and interest rate yield curves. The subsidiary has considered the counterparty's credit risk when determining the fair value of derivatives.

1.6.26 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.

1.6.27 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 and 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

Allowance for doubtful accounts for loans to customers is 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 credit risk of both the Company and its subsidiaries and the counterparty, 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 disclosures of fair value hierarchy.

Impairment of investments in securities

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 decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of impairment requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an internal appraiser of TISCO Bank, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the market approach. The key assumptions used in estimating the fair value are described in Note 3.10 to the financial statements.

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 market approach. The valuation involves certain assumptions and estimates as described in Note 3.11 to the financial statements.

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 plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, and 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 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 the 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 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 profit 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. At present, the statutory reserve has fully been set aside.

2.3 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's 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.

2.4 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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 in 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 2019 and 2018 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	
			2019	2018
<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 Insurance Solution Co., Ltd.	Insurance broker	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	99.99	99.99
<u>Subsidiaries indirectly held by the Company</u>				
TISCO Investment Advisory Securities Co., Ltd. (Previously known as "Deutsche TISCO Investment Advisory Co., Ltd.")	Securities business	Thailand	99.99	51.00

3.2 Interbank and money market items - net (assets)

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,702,418	290,000	1,992,418	1,527,020	745,000	2,272,020
Commercial banks	329,093	27,530,412	27,859,505	247,139	42,869,675	43,116,814
Specialised Financial Institutions	968	15,435,083	15,436,051	997	8,656,727	8,657,724
Total	2,032,479	43,255,495	45,287,974	1,775,156	52,271,402	54,046,558
Add: Accrued interest	526	11,592	12,118	196	24,527	24,723
Total domestic	2,033,005	43,267,087	45,300,092	1,775,352	52,295,929	54,071,281
<u>Foreign</u>						
Hong Kong dollars	49	-	49	108	-	108
Total foreign	49	-	49	108	-	108
Total domestic and foreign	2,033,054	43,267,087	45,300,141	1,775,460	52,295,929	54,071,389

	(Unit: Thousand Baht)					
	Separate financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	1,098,249	-	1,098,249	641,306	-	641,306
Total	1,098,249	-	1,098,249	641,306	-	641,306
Add: Accrued interest	210	-	210	89	-	89
Total domestic	1,098,459	-	1,098,459	641,395	-	641,395

Interbank and money market items (assets) which are pledged	(Unit: Million Baht)		Type of pledge
	Consolidated financial statements as at 31 December		
	2019	2018	
Cash at domestic banks of subsidiary	10	10	To secure facilities provided for bank overdraft

The subsidiary company operating a 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 purchased under resale agreements according to private repurchase transactions as at 31 December	
	2019	2018
Commercial banks	26,800	42,000
Specialised Financial Institutions	15,000	8,300

Fair value of securities received as collateral is as follows:

	(Unit: Million Baht)	
	Fair value of securities received as collateral as at 31 December	
	2019	2018
Commercial banks	26,456	42,595
Specialised Financial Institutions	15,058	8,374

3.3 Derivatives

The subsidiary company operating a banking business entered into interest rate swap agreements and foreign exchange contracts to manage the risk associated with financial assets, as follows:

Type of risk	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	21,907	-	917,044	5,685	-	717,751
Interest rate	-	-	-	-	10,653	1,200,000
Total	21,907	-	917,044	5,685	10,653	1,917,751

All counterparties of these derivatives transactions are financial institutions.

3.4 Investments

3.4.1 Classified by type of investments

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Available-for-sale investments - fair value		
Government and state enterprise securities	7,815,106	7,467,598
Private sector debt securities	183,387	186,078
Domestic marketable equity securities	252,900	299,562
Other securities - domestic unit trusts	59,006	60,777
Other securities - foreign unit trusts	836,827	780,284
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	9,145,766	8,792,839
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	12,437	13,352
Less: Allowance for impairment	(12,437)	(13,352)
Total held-to-maturity debt securities	-	-
General investments - cost		
Domestic non-marketable equity securities	257,578	254,134
Less: Allowance for impairment	(40,312)	(34,628)
Total general investments	217,266	219,506
Investments - net	9,363,032	9,012,345

(Unit: Thousand Baht)
Separate financial statements
as at 31 December

Available-for-sale investments - fair value

Other securities - foreign unit trusts

Investments - net

	2019	2018
Other securities - foreign unit trusts	836,827	780,284
Investments - net	836,827	780,284

3.4.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	2019				2018			
	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	7,812	3	-	7,815	7,464	3	-	7,467
Private sector debt securities	183	-	-	183	1	185	-	186
Total	7,995	3	-	7,998	7,465	188	-	7,653
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	7,994	3	-	7,997	7,464	188	-	7,652
Held-to-maturity debt securities								
Investment in receivables	12	-	-	12	13	-	-	13
Less: Allowance for impairment	(12)	-	-	(12)	(13)	-	-	(13)
Total	-	-	-	-	-	-	-	-
Total debt securities	7,994	3	-	7,997	7,464	188	-	7,652

3.4.3 Investments subject to restrictions

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2019	2018	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	2,912	648	Pledge for the use of credit balance on clearing position

3.4.4 Investments in companies with weak financial positions and poor operating results of the subsidiary company operating a banking business

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2019

	Cost	Fair value	Allowance for impairment
Companies having problems with debt repayment or in default	1,460	-	1,460

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2018

	Cost	Fair value	Allowance for impairment
Companies having problems with debt repayment or in default	1,460	-	1,460

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

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at 31 December					
	2019			2018		
	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
Trading import and export:						
Juki (Thailand) Co., Ltd.	5,707	-	10	3,659	-	10
PDTL Trading Co., Ltd.	3,637	-	10	4,320	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	4,097	-	10	3,932	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	11,299	-	10	18,315	-	10

3.5 Investments in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2019	2018	2019	2018
	Investments in subsidiaries	-	-	19,995,890
Investment in joint venture	813,602	800,151	73,245	73,245
	<u>813,602</u>	<u>800,151</u>	<u>20,069,135</u>	<u>20,069,127</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of business	Type of investments as at 31 December	Separate financial statements						
			Percentage of holding as at 31 December		Investment value - cost method as at 31 December		Dividend received for the years ended 31 December		
			2019	2018	2019	2018	2019	2018	
					(%)	(%)			
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	4,100	3,594
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	75	140
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	700	935
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	1	2
		Ordinary shares	Ordinary shares	99.99	99.99	770	270	549	133
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	50	35
TISCO Insurance Solution Co., Ltd.	Insurance broker	Ordinary shares	Ordinary shares	99.99	99.99	137	137	385	390
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	18	30
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	200	700	-	-
						<u>20,105</u>	<u>20,105</u>	<u>5,878</u>	<u>5,259</u>
						(109)	(109)		
Less: Allowance for impairment Investments in subsidiaries - net						<u>19,996</u>	<u>19,996</u>		

3.5.2 Investment in joint venture

a) Details of investment in joint venture

Investment in joint venture represents investment in an entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage as at 31 December		Cost as at 31 December		Carrying amounts based on equity method as at 31 December	
		2019 (%)	2018 (%)	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	813,602	800,151

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at 31 December		Cost as at 31 December		Allowance for impairment of investment as at 31 December		Carrying amounts based on cost method - net as at 31 December	
		2019 (%)	2018 (%)	2019	2018	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of comprehensive income and dividend received

During the year, the Company recognised its share of comprehensive income from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the years ended 31 December		Share of other comprehensive income from investment in joint venture for the years ended 31 December		Dividend received for the years ended 31 December	
	2019	2018	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	12,108	222,708	1,342	3,517	-	-

c) Summarised financial information 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:

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December	
	2019	2018
Total assets	8,036	9,439
Total liabilities	(6,014)	(7,433)
Non-controlling interests of the subsidiary	(361)	(372)
Net assets	1,661	1,634
The Company's proportion of shareholding	49%	49%
Carrying amounts of joint venture based on equity method	814	800

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	2019	2018
Total revenues	343	862
Total expenses	(315)	(282)
Profit before income tax expenses	28	580
Tax benefit (Income tax expenses)	19	(89)
Non-controlling interests of the subsidiary	(22)	(36)
Profit for the year	25	455
Other comprehensive income	3	7
Total comprehensive income	28	462

d) Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Cross currency and interest rate swap agreements	20	300

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by type of loans to customers

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Loans to customers		
Overdrafts	107,811	369,084
Loans	103,448,283	98,933,065
Hire purchase receivables	160,003,772	161,733,691
Finance lease receivables	17,904	53,970
Less: Deferred revenue	(20,743,017)	(20,402,559)
Advances received from finance lease receivables	(8,613)	(32,911)
Total loans to customers	242,826,140	240,654,340
Add: Accrued interest receivables	1,240,929	642,526
Less: Allowance for doubtful accounts	(10,709,365)	(11,665,492)
Allowance for loss on debt restructuring	(7,343)	(8,146)
Loans to customers and accrued interest receivables - net	233,350,361	229,623,228

	(Unit: Thousand Baht)	
	Separate financial statements as at 31 December	
	2019	2018
Loans to customers		
Loans	2,210,000	2,075,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	2,210,000	2,075,000

3.6.2 Classified by currency and residency of debtors

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	234,690,878	7,218,218	241,909,096	233,094,849	6,841,740	239,936,589
US Dollars	-	917,044	917,044	-	717,751	717,751
Total loans to customers net of deferred revenue	234,690,878	8,135,262	242,826,140	233,094,849	7,559,491	240,654,340

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,210,000	-	2,210,000	2,075,000	-	2,075,000
Total loans to customers net of deferred revenue	2,210,000	-	2,210,000	2,075,000	-	2,075,000

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2019							Other subsidiaries	Total
	Subsidiary company operating a banking business								
	Special			Doubtful					
	Pass	mention	Sub- standard	Doubtful	of loss	Total			
Agricultural and mining	506,861	65,464	18,644	6,968	2,180	600,117	-	600,117	
Manufacturing and commerce	18,944,842	995,617	342,648	46,352	125,167	20,454,626	-	20,454,626	
Real estate and construction	16,689,736	174,199	44,311	14,349	13,733	16,936,328	-	16,936,328	
Public utilities and services	24,076,894	305,099	52,129	102,864	27,543	24,564,529	-	24,564,529	
Personal consumption									
Hire purchase	107,513,972	10,691,529	1,642,732	720,582	71,354	120,640,169	4,612,330	125,252,499	
Loan against auto license	25,339,469	2,778,907	361,650	185,192	69,411	28,734,629	48,336	28,782,965	
Housing loans	13,375,869	445,313	288,192	193,360	503,448	14,806,182	-	14,806,182	
Others	10,203,880	766,037	176,812	139,591	142,574	11,428,894	-	11,428,894	
Total loans to customers	216,651,523	16,222,165	2,927,118	1,409,258	955,410	238,165,474	4,660,666	242,826,140	
Add: Accrued interest receivables	837,167	269,124	587	66	33	1,106,977	133,952	1,240,929	
Total loans to customers and accrued interest receivables	217,488,690	16,491,289	2,927,705	1,409,324	955,443	239,272,451	4,794,618	244,067,069	

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018							Other subsidiaries	Total
	Subsidiary company operating a banking business								
	Special			Doubtful					
	Pass	mention	Sub- standard	Doubtful	of loss	Total			
Agricultural and mining	538,998	88,335	31,161	14,373	1,901	674,768	-	674,768	
Manufacturing and commerce	20,749,893	1,427,083	181,499	81,825	86,390	22,526,690	-	22,526,690	
Real estate and construction	11,328,190	204,335	57,126	22,448	26,633	11,638,732	-	11,638,732	
Public utilities and services	24,434,715	377,707	84,322	51,388	62,892	25,011,024	-	25,011,024	
Personal consumption									
Hire purchase	110,267,625	10,439,773	1,598,997	784,555	491,511	123,582,461	4,038,069	127,620,530	
Loan against auto license	21,360,877	2,588,898	849,756	213,952	39,002	25,052,485	5,328	25,057,813	
Housing loans	15,889,780	625,324	278,532	224,047	563,419	17,581,102	-	17,581,102	
Others	9,198,444	781,902	274,733	143,878	144,724	10,543,681	-	10,543,681	
Total loans to customers	213,768,522	16,533,357	3,356,126	1,536,466	1,416,472	236,610,943	4,043,397	240,654,340	
Add: Accrued interest receivables	424,610	173,134	-	-	519	598,263	44,263	642,526	
Total loans to customers and accrued interest receivables	214,193,132	16,706,491	3,356,126	1,536,466	1,416,991	237,209,206	4,087,660	241,296,866	

3.6.4 Classified by loan classification of a subsidiary company operating a banking business

(Unit: Million Baht)

	As at 31 December					
	2019			2018		
	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ _{⁽²⁾}	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ _{⁽²⁾}
Provision under BOT's guideline						
- Pass	217,489	175,206	2,438	214,194	178,483	2,512
- Special mention	16,491	15,191	2,352	16,706	15,096	3,194
- Sub-standard	2,928	2,389	1,037	3,356	3,073	1,269
- Doubtful	1,409	1,178	481	1,536	1,315	586
- Doubtful of loss	955	321	203	1,417	817	531
Allowance established in excess	-	-	3,563	-	-	2,951
Total	239,272	194,285	10,074	237,209	198,784	11,043

⁽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 2019, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor. 5/2559 minimum requirement by a total of Baht 5,714 million (As at 31 December 2018: total of Baht 6,428 million). TISCO Bank allocated Baht 2,151 million of the excess provision to specific provision for individual debtors (As at 31 December 2018: total of Baht 3,477 million) and so combined with the minimum provision requirement of Baht 4,360 million (As at 31 December 2018: total of Baht 4,615 million), the total provision set aside in accordance with BOT's requirements is Baht 6,511 million (As at 31 December 2018: total of Baht 8,092 million).

	Percentage of allowance for doubtful accounts set up (%)					
	Hire purchase receivables ⁽¹⁾		Loan against auto license receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December		As at 31 December	
	2019	2018	2019	2018	2019	2018
Pass	0.72	0.83	1.87	1.43	1	1
Special mention	7.64	11.56	17.25	16.80	2	2
Sub-standard	26.35	26.59	39.13	37.75	100	100
Doubtful	31.89	26.60	39.13	37.75	100	100
Doubtful of loss	26.21	27.67	39.13	37.75	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 individual debtors.

⁽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 2019, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 139,459 million (31 December 2018: Baht 141,531 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 8 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 2019					
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	48,905	96,165	7,412	7,540	160,022
Less: Deferred revenue ⁽¹⁾	(6,776)	(9,250)	(325)	(4,203)	(20,554)
Advances received from finance lease receivables	(9)	-	-	-	(9)
Present value of minimum lease pay from agreements	<u>42,120</u>	<u>86,915</u>	<u>7,087</u>	<u>3,337</u>	139,459
Allowance for doubtful accounts ⁽²⁾					(3,167)
Net hire purchase and finance lease receivables					<u>136,292</u>

⁽¹⁾ Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018					
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	50,480	96,776	6,502	8,030	161,788
Less: Deferred revenue ⁽¹⁾	(6,878)	(8,926)	(277)	(4,143)	(20,224)
Advances received from finance lease receivables	(24)	(9)	-	-	(33)
Present value of minimum lease pay from agreements	<u>43,578</u>	<u>87,841</u>	<u>6,225</u>	<u>3,887</u>	141,531
Allowance for doubtful accounts ⁽²⁾					(3,835)
Net hire purchase and finance lease receivables					<u>137,696</u>

⁽¹⁾ Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has been 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	
	2019	2018	2019	2018
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,816	8,040	7,588	8,618

⁽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	
	2019	2018
Hire purchase receivables, finance lease receivables and other loan receivables for which the recognition of interest income has been ceased	605	615

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	
	2019	2018
Deferred revenue ⁽¹⁾	20,743	20,403

⁽¹⁾ These amounts include 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 the subsidiary company operating a banking business

	For the years ended 31 December	
	2019	2018
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	1,053	1,161
Loan balances before restructuring (Million Baht)	344	928
Loan balances after restructuring (Million Baht)	346	926
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	5	4
Loan against auto license receivables	4	5
Commercial lending receivables	6	6

Supplemental information for the years ended 31 December 2019 and 2018 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2019	2018
Interest income on restructured receivables	173	273
Receipt of principal and interest	1,138	1,541

As at 31 December 2019 and 2018, the subsidiary company operating a banking business has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at 31 December			
	2019		2018	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	10,615	2,109	14,261	3,176

3.7 Allowance for doubtful accounts/allowance for loss on debt restructuring

3.7.1 Allowance for doubtful accounts - classified by receivables classification

	(Unit: Thousand Baht)						
	Consolidated financial statements as at 31 December 2019						
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,656,402	3,283,511	1,376,962	670,853	612,847	3,064,917	11,665,492
Increase (decrease) in allowance for doubtful accounts during the year	(11,252)	(788,633)	(96,469)	1,572,636	1,798,267	498,055	2,972,604
Bad debts written-off	(845)	(25,767)	(98,121)	(1,643,671)	(2,160,327)	-	(3,928,731)
Balance - end of year	<u>2,644,305</u>	<u>2,469,111</u>	<u>1,182,372</u>	<u>599,818</u>	<u>250,787</u>	<u>3,562,972</u>	<u>10,709,365</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2018

	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,608,773	3,677,986	996,640	488,633	473,173	2,201,961	11,447,166
Increase (decrease) in allowance for doubtful accounts during the year	(799,957)	(354,990)	761,179	1,556,488	2,872,834	862,956	4,898,510
Bad debts written-off	(10,266)	(30,732)	(305,846)	(1,373,488)	(2,733,124)	-	(4,453,456)
Transfer out from sales of receivables	(142,148)	(8,753)	(75,011)	(780)	(36)	-	(226,728)
Balance - end of year	2,656,402	3,283,511	1,376,962	670,853	612,847	3,064,917	11,665,492

3.7.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2019

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,682,409	4,918,166	3,064,917	11,665,492
Increase (decrease) in allowance for doubtful accounts during the year	(421,657)	2,896,206	498,055	2,972,604
Bad debts written-off	(468,369)	(3,460,362)	-	(3,928,731)
Balance - end of year	2,792,383	4,354,010	3,562,972	10,709,365

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2018

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	4,548,613	4,696,592	2,201,961	11,447,166
Increase in allowance for doubtful accounts during the year	1,249,326	2,786,228	862,956	4,898,510
Bad debts written-off	(2,021,999)	(2,431,457)	-	(4,453,456)
Transfer out from sales of receivables	(93,531)	(133,197)	-	(226,728)
Balance - end of year	3,682,409	4,918,166	3,064,917	11,665,492

3.7.3 Allowance for loss on debt restructuring of the subsidiary company operating a banking business

(Unit: Thousand Baht)

As at 31 December

	2019	2018
Balance - beginning of year	8,146	8,948
Increase during the year	-	-
Amortisation during the year	(803)	(802)
Balance - end of year	7,343	8,146

3.7.4 Non-performing loans to customers of the subsidiary company operating a banking business

(Unit: Million Baht)

As at 31 December

	2019	2018
Non-performing loans to customers	5,292	6,309
Allowance for doubtful accounts ⁽¹⁾	1,721	2,386

⁽¹⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8 Classification of assets

3.8.1 Investments in companies with weak financial position and poor operating results of the subsidiary company operating a 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	
	2019	2018	2019	2018	2019	2018
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1

⁽¹⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

3.8.2 Classification of assets under the Bank of Thailand's guidelines of the subsidiary company operating a banking business.

As at 31 December 2019 and 2018, the quality of assets of the subsidiary company operating a banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customers ⁽¹⁾		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Pass	258,452	264,469	-	-	-	-	-	-	258,452	264,469
Special mention	16,222	16,533	-	-	-	-	-	-	16,222	16,533
Sub-standard	2,927	3,356	-	-	-	-	-	-	2,927	3,356
Doubtful	1,409	1,536	-	-	-	-	-	-	1,409	1,536
Doubtful of loss	955	1,417	42	36	12	13	-	12	1,009	1,478
Total	279,965	287,311	42	36	12	13	-	12	280,019	287,372

⁽¹⁾ Loans to customers include investments in debt securities under resale agreements of other commercial banks and loans to financial institutions (which are presented as part of interbank and money market items-net (assets) in the statement of financial position).

3.8.3 Classification of assets under the Bank of Thailand's guidelines for which the subsidiary company operating a banking business sets aside provision using a collective approach

3.8.3.1 Hire purchase receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful accounts setup ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
Pass	120,479	122,837	120,479	122,837	0.72	0.83	867	1,018
Special mention	11,569	11,319	11,569	11,319	7.64	11.56	883	1,309
Sub-standard	1,817	1,811	1,817	1,811	26.35	26.59	479	481
Doubtful	860	900	860	900	31.89	26.60	274	239
Doubtful of loss	121	614	121	614	26.21	27.67	32	170
Total	134,846	137,481	134,846	137,481			2,535	3,217

⁽¹⁾ The subsidiary company operating a 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 individual debtors.

⁽³⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance as at 31 December		Net amount used for setting up allowance for doubtful accounts as at 31 December		Percentage of allowance for doubtful accounts set up ⁽¹⁾ as at 31 December		Allowance for doubtful accounts ⁽²⁾ as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
					(%)	(%)		
Pass	26,640	22,835	26,640	22,835	1.87	1.43	497	327
Special mention	2,965	2,816	2,965	2,816	17.25	16.80	511	473
Sub-standard	391	923	391	923	39.13	37.75	153	348
Doubtful	200	236	200	236	39.13	37.75	78	89
Doubtful of loss	79	45	79	45	39.13	37.75	31	17
Total	<u>30,275</u>	<u>26,855</u>	<u>30,275</u>	<u>26,855</u>			<u>1,270</u>	<u>1,254</u>

⁽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 individual debtors.

⁽²⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8.4 Hire purchase receivables/finance lease receivables and other loan receivables of other subsidiaries classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Debt balance as at 31 December		Allowance for doubtful accounts as at 31 December		Debt balance - net as at 31 December	
	2019	2018	2019	2018	2019	2018
Pass	3,517	2,960	206	138	3,311	2,822
Special mention	601	516	117	188	484	328
Sub-standard	249	201	145	108	104	93
Doubtful	209	163	119	85	90	78
Doubtful of loss	84	203	48	103	36	100
Total	<u>4,660</u>	<u>4,043</u>	<u>635</u>	<u>622</u>	<u>4,025</u>	<u>3,421</u>

3.8.5 Loans to customers with weak financial position and poor operating results of the subsidiary company operating a 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 ⁽²⁾ as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Listed companies vulnerable to delisting from the SET ⁽¹⁾	1	1	513	578	467	531	513 ⁽³⁾	578 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	8	11	862	1,315	236	293	10	50
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	<u>9</u>	<u>12</u>	<u>1,375</u>	<u>1,893</u>	<u>703</u>	<u>824</u>	<u>523</u>	<u>628</u>

⁽¹⁾ The company is currently under rehabilitation.

⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽³⁾ This allowance for doubtful accounts includes the allowance for loss on debt restructuring.

3.9 Properties foreclosed

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Acquisition of assets from debt repayment		
Immovable assets		
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	11,713	11,713
Disposals	(11,713)	-
Balance - end of year	-	11,713
Movable assets		
Balance - beginning of year	11,015	5,700
Additions	3,052,506	2,987,632
Disposals	(3,044,815)	(2,982,317)
Balance - end of year	18,706	11,015
Total properties foreclosed	18,706	22,728
Less: Allowance for impairment		
Balance - beginning of year	11,871	12,139
Increase	553	851
Decrease	(12,147)	(1,119)
Balance - end of year	277	11,871
Total properties foreclosed - net	18,429	10,857

3.10 Investment properties

The book value of investment properties as at 31 December 2019 and 2018 is as follows:

	Consolidated financial statements as at 31 December		(Unit: Thousand Baht) Separate financial statements as at 31 December	
	2019	2018	2019	2018
	Book value - beginning of year	39,388	32,396	831,043
Transfer type of asset	(8,062)	-	124,223	-
Gain (loss) from fair value adjustment	(1,022)	6,992	-	(3,460)
Book value - end of year	30,304	39,388	955,266	831,043

The investment property of the Company and its subsidiaries is an office condominium for rent and is stated at its fair value at the end of 2019. The fair value of investment properties is calculated using the asset appraisal method based on the market approach, which makes reference to data on assets in the market that are similar and comparable to the appraised assets. These valuations were made by an internal professional appraiser of TISCO Bank that comply with valuation standards.

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	Consolidated financial statements as at 31 December 2019	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	23,500 and 139,951	Increase in fair value
	Separate financial statements as at 31 December 2019	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 103,700	Increase in fair value

3.11 Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Revaluation basis	Cost basis				
	Office condominium and building improvements	Land	Building and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	
Cost:						
As at 1 January 2018	2,585,856	17,509	697,734	1,153,761	156,800	4,611,660
Additions/transfers in	2,747	-	69,109	99,328	24,099	195,283
Disposals/written-off/transfers out	(2,495)	-	(20,008)	(69,493)	(16,587)	(108,583)
Transfer accumulated depreciation to deduct cost	(496,631)	-	-	-	-	(496,631)
Surplus on revaluation	387,623	-	-	-	-	387,623
As at 31 December 2018	2,477,100	17,509	746,835	1,183,596	164,312	4,589,352
Additions/transfers in	11,679	-	82,629	102,871	20,518	217,697
Disposals/written-off/transfers out	-	-	(29,000)	(71,472)	(10,747)	(111,219)
As at 31 December 2019	2,488,779	17,509	800,464	1,214,995	174,083	4,695,830
Accumulated depreciation:						
As at 1 January 2018	439,345	-	535,418	906,380	77,322	1,958,465
Depreciation for the year	57,286	-	57,280	86,567	22,624	223,757
Transfer accumulated depreciation to deduct cost	(496,631)	-	-	-	-	(496,631)
Depreciation on disposals/written-off/ transfers out	-	-	(6,866)	(65,276)	(16,326)	(88,468)
As at 31 December 2018	-	-	585,832	927,671	83,620	1,597,123
Depreciation for the year	32,704	-	61,317	97,468	25,418	216,907
Depreciation on disposals/written-off/ transfers out	-	-	(23,459)	(68,192)	(10,701)	(102,352)
As at 31 December 2019	32,704	-	623,690	956,947	98,337	1,711,678
Net book value:						
As at 31 December 2018	2,477,100	17,509	161,003	255,925	80,692	2,992,229
As at 31 December 2019	2,456,075	17,509	176,774	258,048	75,746	2,984,152
Depreciation for the years ended 31 December:						
2018						223,757
2019						216,907

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis	Cost basis		
	Office condominium and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	Total
Cost:				
As at 1 January 2018	745,417	396,986	66,693	1,209,096
Additions/transfers in	1,170	52,772	18,665	72,607
Disposals/written-off/transfers out	(2,348)	(3,591)	(2,414)	(8,353)
Transfer accumulated depreciation to deduct cost	(93,333)	-	-	(93,333)
Surplus on revaluation	106,651	-	-	106,651
As at 31 December 2018	757,557	446,167	82,944	1,286,668
Additions/transfers in	755	45,695	8,481	54,931
Disposals/written-off/transfers out	(128,590)	(30,471)	(3,702)	(162,763)
As at 31 December 2019	629,722	461,391	87,723	1,178,836
Accumulated depreciation:				
As at 1 January 2018	71,087	250,967	22,487	344,541
Depreciation for the year	22,246	50,212	11,292	83,750
Transfer accumulated depreciation to deduct cost	(93,333)	-	-	(93,333)
Depreciation on disposals/written-off/transfers out	-	(3,590)	(2,414)	(6,004)
As at 31 December 2018	-	297,589	31,365	328,954
Depreciation for the year	10,883	56,260	14,106	81,249
Depreciation on disposals/written-off/transfers out	(74)	(27,970)	(3,702)	(31,746)
As at 31 December 2019	10,809	325,879	41,769	378,457
Net book value:				
As at 31 December 2018	757,557	148,578	51,579	957,714
As at 31 December 2019	618,913	135,512	45,954	800,379
Depreciation for the years ended 31 December:				
2018				83,750
2019				81,249

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium in 2018, using the market approach.

Had the office condominiums been carried in the financial statements based on cost model, their net book value as at 31 December 2019 and 2018 would have been as follows:

	Consolidated financial statements as at 31 December		(Unit: Thousand Baht) Separate financial statements as at 31 December	
	2019	2018	2019	2018
Office condominiums - net of accumulated depreciation	992,895	1,021,651	256,597	373,901
Key assumptions that are unobservable inputs used in the valuation are summarised below.				
	Consolidated financial statements as at 31 December 2019		Result to fair value where as an increase in assumption value	
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475		Increase in fair value	
	Separate financial statements as at 31 December 2019		Result to fair value where as an increase in assumption value	
Estimated office condominium price rate (Baht/Sq.m.)	88,145 - 103,700		Increase in fair value	

3.12 Intangible assets

The book value of intangible assets as at 31 December 2019 and 2018 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
As at 31 December 2019:		
Cost	1,600,388	572,577
Less: Accumulated amortisation	(1,270,928)	(448,368)
Net book value	<u>329,460</u>	<u>124,209</u>
As at 31 December 2018:		
Cost	1,554,441	544,565
Less: Accumulated amortisation	(1,106,219)	(385,034)
Net book value	<u>448,222</u>	<u>159,531</u>

A reconciliation of the net book value of intangible assets for the years ended 31 December 2019 and 2018 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	
	2019	2018	2019	2018
Net book value at beginning of year	448,222	537,696	159,531	182,482
Acquisitions of computer software	46,891	79,132	27,518	47,267
Transfer in of computer software	520	-	520	-
Written-off/disposals of computer software	(1,119)	(1,606)	(22)	-
Amortisation	(165,054)	(167,000)	(63,338)	(70,218)
Net book value at end of year	<u>329,460</u>	<u>448,222</u>	<u>124,209</u>	<u>159,531</u>

As at 31 December 2019 and 2018, the Company and its subsidiaries have computer software which has been fully amortised but is still in use with the gross carrying amount, before deducting accumulated amortisation, of approximately Baht 846 million and Baht 717 million, respectively (The Company only: Baht 336 million and Baht 214 million, respectively).

3.13 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2019	2018	2019	2018
Receivable from clearing house	605	114,611	-	-
Value added tax - net	398,298	571,227	3,796	3,300
Accrued interest receivables	11,333	20,365	-	-
Fee and service receivables	653,250	346,994	119,933	124,128
Refundable income tax and prepaid income tax	23,769	35,156	-	-
Deposits	86,299	81,170	2,095	2,118
Other receivables	886,689	835,721	365	-
Other assets	440,937	404,043	70,523	37,437
Total other assets	<u>2,501,180</u>	<u>2,409,287</u>	<u>196,712</u>	<u>166,983</u>

3.14 Deposits

3.14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Deposits		
Current accounts	2,638,324	2,483,555
Savings accounts	37,801,616	54,683,842
Fixed accounts		
- not over 6 months	19,248,789	16,081,571
- over 6 months but not over 1 year	33,399,669	20,441,879
- over 1 year	3,912,418	3,551,294
Certificates of deposit/negotiable certificates of deposit	119,083,735	95,866,169
Total	216,084,551	193,108,310

3.14.2 Classified by the remaining years of contract

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Not over 1 year ⁽¹⁾	215,390,186	189,170,624
Over 1 year	694,365	3,937,686
Total deposits	216,084,551	193,108,310

⁽¹⁾ Including fully-mature deposit contracts

3.14.3 As at 31 December 2019 and 2018, all outstanding deposits are deposits from domestic depositors and are in Baht.

3.15 Interbank and money market items (liabilities)

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	56,084	990,000	1,046,084	97,708	1,050,000	1,147,708
Specialised Financial Institutions	-	2,535,990	2,535,990	-	2,287,710	2,287,710
Other financial institutions	229,591	844,468	1,074,059	421,756	517,500	939,256
Total	285,675	4,370,458	4,656,133	519,464	3,855,210	4,374,674

3.16 Debts issued and borrowings

	(Unit: Thousand Baht)			
	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2019	2018	2019	2018
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,680,000	6,680,000	-	-
Unsubordinated unsecured debentures	18,300,000	43,000,000	6,300,000	-
Bills of exchange	36,122	5,876,122	-	5,840,000
Promissory notes	797	797	-	-
Total	25,016,919	55,556,919	6,300,000	5,840,000

3.16.1 Subordinated unsecured debentures

As at 31 December 2019 and 2018, the subsidiary company operating a banking business has long-term subordinated unsecured debentures as follows:

Issued year	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
	2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2014	-	1.60	1,000	-	1,600	2024	6.00 percent per annum
2014	-	0.80	1,000	-	800	2024	6.00 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
2016	0.68	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
2019	1.20	-	1,000	1,200	-	2029	4.00 percent per annum
2019	1.20	-	1,000	1,200	-	2029	4.00 percent per annum
Total				<u>6,680</u>	<u>6,680</u>		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2019 and 2018, the Company and its subsidiary have short-term and long-term unsubordinated unsecured debentures as follows:

Consolidated financial statements

Issued year	Type of debentures	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
		2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2016	Long-term debenture	-	10.00	1,000	-	10,000	2019	1.85 - 1.95 percent per annum
2017	Long-term debenture	-	13.00	1,000	-	13,000	2019	1.75 - 1.85 percent per annum
2018	Long-term debenture	-	8.00	1,000	-	8,000	2019	1.68 - 1.75 percent per annum
2018	Long-term debenture	12.00	12.00	1,000	12,000	12,000	2020	1.65 - 2.05 percent per annum
2019	Short-term debenture	6.30	-	1,000	6,300	-	2020	1.50 - 1.85 percent per annum
Total					<u>18,300</u>	<u>43,000</u>		

Separate financial statements

Issued year	Type of debentures	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
		2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2019	Short-term debenture	6.30	-	1,000	6,300	-	2020	1.50 - 1.85 percent per annum
Total					<u>6,300</u>	<u>-</u>		

3.16.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and bear interest at a fixed rate of 2.50 percent per annum.

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 2019 and 2018 is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2019	2018
Defined post-employment benefit obligation at beginning of year	659,719	575,796
Current service cost	72,855	46,464
Interest cost	24,672	17,326
Past service cost	213,412	-
Benefits paid during the year	(24,619)	(36,810)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	169,837	(2,903)
Financial assumptions changes	161,618	33,387
Other assumptions changes	(42,880)	26,459
Defined post-employment benefit obligation at end of year	1,234,614	659,719
Other long-term benefits	251,254	167,723
Total provision for long-term employee benefits at end of year	1,485,868	827,442

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2019	2018
Defined post-employment benefit obligation at beginning of year	155,960	134,134
Current service cost	12,189	8,410
Interest cost	4,844	3,675
Past service cost	49,486	-
Benefits paid during the year	(1,867)	(19,769)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	29,652	(700)
Financial assumptions changes	35,796	27,710
Other assumptions changes	(44,821)	2,500
Defined post-employment benefit obligation at end of year	241,239	155,960
Other long-term benefits	24,658	21,026
Total provision for long-term employee benefits at end of year	265,897	176,986

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Current service cost	93,966	65,148	14,148	10,335
Interest cost	28,688	21,051	5,293	4,134
Past service cost	213,412	-	49,486	-
Actuarial (gains) losses	70,833	(3,061)	3,251	(183)
Total employee benefit expenses	406,899	83,138	72,178	14,286

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 2019 and 2018 amounted to Baht 510 million and Baht 279 million, respectively (The Company only: Baht 99 million and Baht 82 million, respectively).

As at 31 December 2019 and 2018, the Company and its subsidiaries expect to pay long-term employee benefits during the next year of Baht 120 million and Baht 40 million, respectively (The Company only: Baht 44 million and Baht 18 million, respectively).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefits are 16 years and 19 years, respectively (The Company only: 12 years and 15 years, respectively).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: Percent per annum) Separate financial statements	
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
Discount rate	1.25 - 2.25	1.72 - 4.02	1.25 - 2.19	1.72 - 4.02
Average salary increase rate	5.00	5.00	5.00	5.00

The results of sensitivity analysis for significant assumptions that affect the present value of the employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements as at 31 December			
	2019		2018	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(34,429)	35,962	(22,763)	20,144
Average salary increase rate	34,780	(33,498)	19,709	(22,460)

	(Unit: Thousand Baht) Separate financial statements as at 31 December			
	2019		2018	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(4,219)	4,365	(3,550)	3,686
Average salary increase rate	4,216	(4,098)	3,608	(3,493)

3.18 Other liabilities

	Consolidated financial statements as at 31 December		(Unit: Thousand Baht) Separate financial statements as at 31 December	
	2019	2018	2019	2018
	Payable to clearing house	338,821	60,565	-
Withholding income tax and other tax payables	528,570	477,062	88,931	127,572
Accrued insurance premium	678,209	638,693	-	-
Deferred income	1,642,236	1,464,621	-	-
Accrued expenses	4,259,596	3,876,110	1,360,474	1,353,893
Suspense creditors	1,014,778	1,082,473	-	-
Other liabilities	357,937	360,541	92	97
Total other liabilities	8,820,147	7,960,065	1,449,497	1,481,562

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include 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 price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2019 and 2018, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 1,014 million and Baht 859 million, respectively (The Company only: Baht 497 million and Baht 419 million, respectively).

3.19 Capital funds

The primary objectives of 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 the Bank of Thailand or relevant regulatory agencies.

TISCO Group maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, loan against auto license receivables, corporate lending, car inventory financing loans, equity exposure and other assets.

Regarding Capital fund as at 31 December 2019 and 2018, Financial Business Group 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 the Financial Business Group (under Basel III principles) are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2019	2018
<u>Common Equity Tier I capital</u>		
Issued and paid-up share capital	8,006,456	8,006,456
Premium on share capital	1,018,408	1,018,408
Statutory reserve	801,000	801,000
Net profits after appropriation	20,512,152	19,122,322
Other components of equity	1,810,937	1,458,770
Less: Deductions from Common Equity Tier I items	(1,753,842)	(1,581,233)
Total Common Equity Tier I capital	30,395,111	28,825,723
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
Total Tier I capital	30,395,210	28,825,822
<u>Tier II capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	769,245	682,051
Reserve for loans classified as pass	717,550	729,829
Total Tier II capital	8,166,795	8,091,880
Total capital funds	38,562,005	36,917,702

	(Unit: Percent)			
	As at 31 December			
	2019		2018	
Capital fund ratios	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	16.38	7.00	16.75	6.375
Tier I capital to risk assets	16.38	8.50	16.75	7.875
Total capital to risk assets	20.78	11.00	21.46	10.375

Capital funds of the TISCO Bank (under Basel III principles) are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2019	2018
Common Equity Tier I capital		
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	17,277,459	15,959,967
Other components of equity	304,899	197,999
Less: Deductions from Common Equity Tier I items	(1,080,464)	(972,378)
Total Common Equity Tier I capital	29,244,594	27,928,288
Financial Instrument Tier I capital		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	29,244,595	27,928,289
Tier II Capital		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	749,945	664,553
Reserve for loans classified as pass	542,598	571,301
Total Tier II capital	7,972,543	7,915,854
Total capital funds	37,217,138	35,844,143

Capital fund ratios	(Unit: Percent)			
	As at 31 December			
	2019		2018	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	17.37	7.00	17.85	6.375
Tier I capital to risk assets	17.37	8.50	17.85	7.875
Total capital to risk assets	22.10	11.00	22.91	10.375

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 will disclose capital maintenance information of the Financial Business Group as at 31 December 2019 on its website (www.tisco.co.th) within April 2020.

3.20 Surplus (deficit) on valuation in available-for-sale investments

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Balance - beginning of year	(88,532)	144,500
Increase (decrease) from changes in value of investments during the year	74,272	(233,032)
	(14,260)	(88,532)
Less: The effect of deferred tax liabilities	(17,384)	(2,530)
Balance - end of year	(31,644)	(91,062)

	(Unit: Thousand Baht)	
	Separate financial statements as at 31 December	
	2019	2018
Balance - beginning of year	(62,026)	20,572
Increase (decrease) from changes in value of investments during the year	114,260	(82,598)
	52,234	(62,026)
Less: The effect of deferred tax assets (liabilities)	(10,447)	12,405
Balance - end of year	41,787	(49,621)

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	
	2019	2018
Balance - beginning of year	1,455,449	1,099,106
Revaluation	-	387,623
Transfer to retained earnings	(4,439)	(31,280)
	1,451,010	1,455,449
Less: The effect of deferred tax liabilities	(290,298)	(291,089)
Balance - end of year	<u>1,160,712</u>	<u>1,164,360</u>

	(Unit: Thousand Baht)	
	Separate financial statements as at 31 December	
	2019	2018
Balance - beginning of year	383,656	281,231
Revaluation	-	106,651
Transfer to retained earnings	(790)	(4,226)
	382,866	383,656
Less: The effect of deferred tax liabilities	(76,572)	(76,731)
Balance - end of year	<u>306,294</u>	<u>306,925</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

3.22 Interest income

Interest income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements For the years ended 31 December	
	2019	2018
Interbank and money market items	575,858	706,371
Investments in debt securities	232,414	202,092
Loans to customers	8,047,674	8,090,394
Hire purchase and finance lease	9,025,261	8,691,419
Total interest income	<u>17,881,207</u>	<u>17,690,276</u>

	(Unit: Thousand Baht)	
	Separate financial statements For the years ended 31 December	
	2019	2018
Interbank and money market items	6,951	6,164
Investments in debt securities	3,815	2,424
Loans to customers	49,892	58,705
Total interest income	<u>60,658</u>	<u>67,293</u>

3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Deposits	3,242,249	2,602,009
Interbank and money market items	28,431	28,988
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	1,062,716	1,113,755
Issued debt securities		
- Subordinated debentures	275,075	320,050
- Unsubordinated debentures	467,063	920,290
Borrowings	13,264	90,415
Total interest expenses	5,088,798	5,075,507

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Interbank and money market items	127	1
Issued debt securities		
- Unsubordinated debentures	73,630	-
Borrowings	12,352	89,469
Total interest expenses	86,109	89,470

3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Fee and service income		
- Acceptance, aval and guarantees	5,271	6,135
- Insurance service	3,129,050	2,857,353
- Brokerage fees	718,042	834,107
- Fund management	1,527,632	1,262,244
- Others	1,130,977	1,379,254
Total fee and service income	6,510,972	6,339,093
Fee and service expenses		
- Information service expenses	(14,885)	(15,213)
- Others	(310,869)	(228,453)
Total fee and service expenses	(325,754)	(243,666)
Net fee and service income	6,185,218	6,095,427

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Fee and service income	-	-
Fee and service expenses	(17,175)	(17,857)
Net fee and service income	(17,175)	(17,857)

3.25 Net gains (losses) on trading and foreign exchange transactions

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	(58,331)	(7,307)
- Derivatives on interest rates	(2)	(1,926)
- Debt securities	34,294	15,641
- Others	(188)	(69)
Net gains (losses) on trading and foreign exchange transactions	<u>(24,227)</u>	<u>6,339</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Losses on trading and foreign exchange transactions		
- Foreign currencies	(59,493)	(6,700)
Net losses on trading and foreign exchange transactions	<u>(59,493)</u>	<u>(6,700)</u>

3.26 Net gains on investments

Net gains on investments in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Gains on disposal		
- Available-for-sale investments	703	57,411
- Held-to-maturity debt securities	9,880	8,331
- General investments	1,918	429,525
Total	<u>12,501</u>	<u>495,267</u>
Reversal of allowance for losses (losses) on impairment		
- General investments	(5,684)	1,024
Total	<u>(5,684)</u>	<u>1,024</u>
Net gains on investments	<u>6,817</u>	<u>496,291</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Gains on disposal		
- Available-for-sale investments	-	24
Total	-	24
Losses on impairment		
- Investment in subsidiaries	-	(1)
Total	-	(1)
Net gains on investments	<u>-</u>	<u>23</u>

3.27 Bad debts, doubtful accounts and impairment losses

Bad debts, doubtful accounts and impairment losses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Held-to-maturity debt securities (reversal)	(915)	(331)
Loans to customers	1,110,018	2,701,783
Total	<u>1,109,103</u>	<u>2,701,452</u>

3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Gains on disposal of properties foreclosed	42,934	71,336
Gains on sales of receivables	-	52,588
Others	60,862	80,094
Total	103,796	204,018

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Rental income	80,246	67,029
Others	3,846	3,876
Total	84,092	70,905

3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Mailing expenses	72,139	70,935
Software amortisation expenses	165,054	167,000
Legal expenses relating to the business	296,252	514,297
Transportation expenses	103,114	107,317
Expenses related to the repossession and the disposal of repossessed assets	99,676	93,979
Advertising and business promotion expenses	195,730	159,791
Others	308,888	267,715
Total	1,240,853	1,381,034

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Mailing expenses	117	250
Software amortisation expenses	63,338	70,218
Transportation expenses	9,309	9,693
Others	40,344	56,759
Total	113,108	136,920

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Current income tax:				
Income tax expenses for the year	2,081,022	1,929,003	91,600	82,974
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(298,469)	(265,986)	(12,760)	1,418
Income tax expenses reported in the statement of comprehensive income	1,782,553	1,663,017	78,840	84,392

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
(Gains) losses on valuation in available-for-sale investments	(14,854)	45,062	(22,852)	16,520
Change in surplus on revaluation of assets	-	(77,525)	-	(21,330)
Actuarial losses	57,556	10,813	4,125	5,902
Income tax expenses recorded directly to other comprehensive income	42,702	(21,650)	(18,727)	1,092

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Accounting profit before tax	9,055,751	8,578,452	6,303,124	5,711,187
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,811,150	1,715,690	1,260,625	1,142,238
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(23,936)	(21,685)	(1,181,785)	(1,057,846)
Others	(4,661)	(30,988)	-	-
Income tax expenses reported in the statement of comprehensive income	1,782,553	1,663,017	78,840	84,392

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	
	2019	2018	2019	2018
Allowance for doubtful accounts	838,399	713,489	124,910	183,210
Allowance for impairment of investments	39,063	43,726	(4,663)	(271)
Allowance for impairment of properties foreclosed	55	2,374	(2,319)	(54)
Non-accrual of interest income	55,655	50,684	4,971	7,923
Depreciation of assets	(75,889)	(69,478)	(6,411)	(16,005)
Finance leases	(12)	(162)	150	(6,175)
Gains on changes in value of investment properties	(4,722)	(4,927)	205	(4,927)
Surplus on revaluation of assets	(296,051)	(265,945)	-	-
Surplus on changes in value of investments	(17,385)	(2,530)	-	-
Unrealised (gain) loss on derivatives	(214)	1,917	(2,131)	(3,832)
Deferred commission and direct expenses incurred at the initiation of hire purchase	(615,105)	(592,326)	(22,779)	(59,845)
Losses on disposal of properties foreclosed	48,552	21,842	26,710	90
Unearned interest income on hire purchase	197,238	179,221	18,017	62,330
Reduction of subsidiaries' share capital	25,048	21,435	3,613	-
Accrued expenses	694,211	606,400	87,811	89,404
Employee benefit expenses	295,862	155,788	81,825	10,209
Others	140,199	130,017	10,182	2,028
Deferred tax assets	1,324,904	991,525	320,091	264,085

(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	
	2019	2018	2019	2018
	Depreciation of assets	-	1,200	(1,200)
Gains on changes in value of investment properties	-	-	-	(3,486)
Surplus on revaluation of assets	-	33,813	-	-
Accrued expenses	-	(17,406)	17,406	(8,788)
Employee benefit expenses	-	(8,906)	5,214	2,723
Others	-	(202)	202	7,532
Deferred tax liabilities	-	8,499	21,622	(1,901)

(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	
	2019	2018	2019	2018
	Allowance for impairment of investments	21,732	21,732	-
Depreciation of assets	(39,177)	(35,883)	(3,294)	(4,202)
Gains on changes in value of investment properties	(92,082)	(92,082)	-	692
Surplus on revaluation of assets	(76,572)	(76,731)	-	-
(Surplus) deficit on changes in value of investments	(10,447)	12,405	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	268,696	266,298	2,398	3,442
Employee benefit expenses	53,178	35,397	13,656	(1,350)
Deferred tax assets	146,763	152,571	12,760	(1,418)

3.31 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the year	74,975	(175,621)	114,260	(82,574)
Less: Reclassification adjustments for gains included in profit or loss	(703)	(57,411)	-	(24)
	74,272	(233,032)	114,260	(82,598)
Change in surplus on revaluation of assets	-	387,623	-	106,651
Actuarial losses	(288,575)	(56,943)	(20,627)	(29,510)
Share of other comprehensive income of joint venture:				
Cash flow hedges of joint venture	1,342	3,517	-	-
Other comprehensive income	(212,961)	101,165	93,633	(5,457)
Income tax effects relating to components of other comprehensive income	42,702	(21,650)	(18,727)	1,092
Net other comprehensive income for the year	(170,259)	79,515	74,906	(4,365)

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2019			2018		
Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount	
Gains (losses) on valuation in available-for-sale investments	74,272	(14,854)	59,418	(233,032)	45,062	(187,970)
Change in surplus on revaluation of assets	-	-	-	387,623	(77,525)	310,098
Actuarial losses	(288,575)	57,556	(231,019)	(56,943)	10,813	(46,130)
	<u>(214,303)</u>	<u>42,702</u>	<u>(171,601)</u>	<u>97,648</u>	<u>(21,650)</u>	<u>75,998</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2019			2018		
Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount	
Gains (losses) on valuation in available-for-sale investments	114,260	(22,852)	91,408	(82,598)	16,520	(66,078)
Change in surplus on revaluation of assets	-	-	-	106,651	(21,330)	85,321
Actuarial losses	(20,627)	4,125	(16,502)	(29,510)	5,902	(23,608)
	<u>93,633</u>	<u>(18,727)</u>	<u>74,906</u>	<u>(5,457)</u>	<u>1,092</u>	<u>(4,365)</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 financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Profit for the year from continuing operations (Thousand Baht)	7,270,233	6,887,379	6,224,284	5,626,795
Basic earnings per share from continuing operations (Baht/share)	9.08	8.60	7.77	7.03
Profit for the year from discontinued operations (Thousand Baht)	-	128,306	-	-
Basic earnings per share from discontinued operations (Baht/share)	-	0.16	-	-
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655

3.34 Related party transactions

The relationships between the Company and its related parties

Name of related parties	Relationship
TISCO Bank Public Company Limited	Subsidiary company
TISCO Securities Co., Ltd.	Subsidiary company
TISCO Asset Management Co., Ltd.	Subsidiary company
TISCO Investment Advisory Securities Co., Ltd. (Previously known as "Deutsche TISCO Investment Advisory Co., Ltd.")	Subsidiary company
Hi-Way Co., Ltd.	Subsidiary company
TISCO Insurance Solution Co., Ltd.	Subsidiary company
TISCO Information Technology Co., Ltd.	Subsidiary company
TISCO Learning Center Co., Ltd.	Subsidiary company
All-Ways Co., Ltd.	Subsidiary company
Primus Leasing Co., Ltd. (In the process of liquidation)	Subsidiary company
TISCO Tokyo Leasing Co., Ltd.	Joint venture company

As at 31 December 2019 and 2018, the balances of accounts between the Company and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2019	2018
<u>Outstanding balance</u>		
(Eliminated from the consolidated financial statements)		
<u>Subsidiary companies</u>		
Interbank and money market items - net (Assets):		
TISCO Bank Public Company Limited	1,098,448	641,395
Dividend receivables:		
TISCO Bank Public Company Limited	4,100,464	3,593,665
TISCO Securities Co., Ltd.	75,000	140,000
TISCO Asset Management Co., Ltd.	699,996	934,994
Hi-Way Co., Ltd.	550,000	135,000
TISCO Information Technology Co., Ltd.	49,999	34,999
TISCO Insurance Solution Co., Ltd.	384,987	389,986
TISCO Learning Center Co., Ltd.	17,499	29,998
Other assets:		
TISCO Bank Public Company Limited	120,398	123,647
TISCO Securities Co., Ltd.	24	-
TISCO Asset Management Co., Ltd.	53	-
TISCO Learning Center Co., Ltd.	365	705
Other liabilities:		
TISCO Learning Center Co., Ltd.	43	971

Loans to related companies

As at 31 December 2019 and 1 January 2019, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	As at 1 January 2019	Increase	Decrease	As at 31 December 2019
<u>Subsidiary companies</u>				
Loans				
Hi-Way Co., Ltd	2,075,000	510,000	(375,000)	2,210,000

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policies
	For the years ended 31 December		
	2019	2018	
Transactions occurred during the year (Eliminated from the consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	2,185,213	2,156,929	Determined on market prices and/or actual cost in compliance with the criteria specified by the Bank of Thailand
Interest income	56,690	64,714	With reference to the terms and prices as offered to other customers
Rental income	80,246	67,029	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	292,000	199,000	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	9,566	11,759	With reference to the prices as offered from other service providers
Other expenses	1,815	1,962	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	
	2019	2018
	Loans ⁽¹⁾	22,366

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2019	2018
	Deposits	304,192

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries had short-term benefit expenses paid to their directors and key management during the years and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Short-term benefits	773	695	467	400
Post-employment benefits	60	53	32	26
Other long-term benefits	145	126	107	94
Total	978	874	606	520

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 of 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 TISCO Bank Public Company Limited headquarter and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarter and branches of the subsidiary 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 2019 and 2018, 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's and its subsidiaries' operating segments for the years ended 31 December 2019 and 2018, respectively.

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	(Unit: Million Baht) Consolidated financial statements
For the year ended 31 December 2019							
Revenue							
External customers	17,074	777	1,736	(151)	19,436	-	19,436
Inter-segment	637	250	(40)	9,202	10,049	(10,049)	-
Total revenue	17,711	1,027	1,696	9,051	29,485	(10,049)	19,436
Operating results:							
Net interest income	12,781	26	7	(22)	12,792	-	12,792
Net fee and service income	4,455	873	1,684	984	7,996	(1,811)	6,185
Other operating income	475	128	5	8,089	8,697	(8,238)	459
Total operating income	17,711	1,027	1,696	9,051	29,485	(10,049)	19,436
Premises and equipment expenses and amortisation	(1,562)	(84)	(28)	(793)	(2,467)	997	(1,470)
Other operating expenses	(7,539)	(841)	(657)	(1,854)	(10,891)	3,090	(7,801)
Bad debts, doubtful accounts and impairment losses	(1,105)	-	-	-	(1,105)	(4)	(1,109)
Total operating expenses	(10,206)	(925)	(685)	(2,647)	(14,463)	4,083	(10,380)
Segment profit from continuing operations before income tax expenses	7,505	102	1,011	6,404	15,022	(5,966)	9,056
Income tax expenses							(1,783)
Profit from continuing operations							7,273
Profit from discontinued operations							-
Non-controlling interests of the subsidiaries							(3)
Profit for the year - equity holders of the Company							7,270
As at 31 December 2019							
Segment total assets	291,590	2,806	1,464	32,767	328,627	(30,323)	298,304
Premises and equipment - net	939	18	250	826	2,033	951	2,984

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	(Unit: Million Baht) Consolidated financial statements
For the year ended 31 December 2018							
Revenue							
External customers	17,456	963	1,502	112	20,033	-	20,033
Inter-segment	358	284	-	8,040	8,682	(8,682)	-
Total revenue	17,814	1,247	1,502	8,152	28,715	(8,682)	20,033
Operating results:							
Net interest income	12,631	17	8	(20)	12,636	(21)	12,615
Net fee and service income	4,147	1,146	1,489	692	7,474	(1,379)	6,095
Other operating income	1,036	84	5	7,480	8,605	(7,282)	1,323
Total operating income	17,814	1,247	1,502	8,152	28,715	(8,682)	20,033
Premises and equipment expenses and amortisation	(1,316)	(85)	(36)	(628)	(2,065)	684	(1,381)
Other operating expenses	(7,059)	(913)	(563)	(1,740)	(10,275)	2,902	(7,373)
Bad debts, doubtful accounts and impairment losses	(2,702)	-	-	-	(2,702)	1	(2,701)
Total operating expenses	(11,077)	(998)	(599)	(2,368)	(15,042)	3,587	(11,455)
Segment profit from continuing operations before income tax expenses	6,737	249	903	5,784	13,673	(5,095)	8,578
Income tax expenses							(1,663)
Profit from continuing operations							6,915
Profit from discontinued operations							128
Non-controlling interests of the subsidiaries							(28)
Profit for the year - equity holders of the Company							7,015
As at 31 December 2018							
Segment total assets	296,342	3,274	1,605	31,396	332,617	(30,072)	302,545
Premises and equipment - net	919	18	254	966	2,157	835	2,992

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 years 2019 and 2018, the Company and its subsidiaries recognised the contributions as expenses totaling Baht 301 million and Baht 268 million, respectively (the Company only: Baht 45 million and Baht 48 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	
	2019	2018
Other guarantees	482,094	753,963
Undrawn client overdraft facilities	76,439	351,660
Interest rate swap agreements (Note 3.38.4)	-	1,200,000
Foreign exchange contracts (Note 3.38.4)	917,044	717,751
Others	578,509	517,961
Total	2,054,086	3,541,335

3.37.2 Litigation

As at 31 December 2019 and 2018, the subsidiaries have been sued for compensation totaling approximately Baht 314 million and Baht 334 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believes 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 companies have commitments in relation to computer service agreements, whereby they are 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 - 15 years.

As at 31 December 2019 and 2018, the subsidiary companies have future minimum lease payments required under the non-cancellable operating lease contracts as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Payable within:		
Not over 1 year	186	192
Over 1 to 5 years	228	281
Over 5 years	47	56

- c) The subsidiary that operates a banking business has provided warranties in accordance with the terms of an agreement, related to the sale of a personal loan portfolio. The warranties cover a period of 3 years after the transfer date.
- d) The subsidiary has provided warranties in accordance with the terms of an agreement, related to the sale of a credit card business. The warranties cover a period of 2 years after the transfer of the business.

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. The Group 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 to customers as stated in the financial statements.

Quality of risk from provision of hire purchase receivables by the subsidiary company operating a 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 a 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 2.0% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Neither past due nor impaired		
Very high grade	56,241	56,197
High grade	52,635	54,864
Medium grade	11,603	11,777
Subtotal	120,479	122,838
Hire purchase receivables - overdue for 31 to 90 days	11,569	11,319
Hire purchase receivables - overdue for more than 90 days	2,798	3,324
Total	134,846	137,481

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 the 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	
	2019	2018
Marketable financial assets		
Equity securities	235	279
Debt securities	4	6
Foreign currencies	31	46

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	
	2019	2018
Change in interest rate		
Increase by 1 percent	137.10	263.55
Decrease by 1 percent	(137.10)	(263.55)

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)			
	Consolidated financial statements as at 31 December 2019			
	Outstanding balances of financial instruments			
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,103	1,103
Interbank and money market items - net	307	43,001	1,992	45,300
Derivatives assets	-	-	22	22
Investments - net	-	2,745	6,618	9,363
Loans to customers ⁽¹⁾	25,960	207,994	10,113	244,067
Securities and derivatives business receivables - net	-	-	1,164	1,164
	<u>26,267</u>	<u>253,740</u>	<u>21,012</u>	<u>301,019</u>
<u>Financial liabilities</u>				
Deposits	39,772	175,645	668	216,085
Interbank and money market items	214	4,337	105	4,656
Liabilities payable on demand	-	-	307	307
Debts issued and borrowings	-	25,017	-	25,017
Securities and derivatives business payables - net	-	-	821	821
Payable to clearing house	-	-	339	339
	<u>39,986</u>	<u>204,999</u>	<u>2,240</u>	<u>247,225</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 2018

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,192	1,192
Interbank and money market items - net	222	52,192	1,657	54,071
Derivatives assets	-	-	6	6
Investments - net	-	2,421	6,591	9,012
Loans to customers ⁽¹⁾	25,169	208,516	7,612	241,297
Securities and derivatives business receivables - net	-	-	949	949
Receivable from clearing house	-	-	115	115
	<u>25,391</u>	<u>263,129</u>	<u>18,122</u>	<u>306,642</u>
Financial liabilities				
Deposits	56,567	135,941	600	193,108
Interbank and money market items	419	3,855	101	4,375
Liabilities payable on demand	-	-	238	238
Derivatives liabilities	-	-	11	11
Debts issued and borrowings	-	55,557	-	55,557
Securities and derivatives business payables - net	-	-	995	995
Payable to clearing house	-	-	61	61
	<u>56,986</u>	<u>195,353</u>	<u>2,006</u>	<u>254,345</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 2019

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items - net	6	1,092	-	1,098
Investments - net	-	-	837	837
Loans to customers	-	2,210	-	2,210
	<u>6</u>	<u>3,302</u>	<u>837</u>	<u>4,145</u>
Financial liabilities				
Debts issued and borrowings	-	6,300	-	6,300
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>6,300</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items - net	8	633	-	641
Investments - net	-	-	780	780
Loans to customers	-	2,075	-	2,075
	<u>8</u>	<u>2,708</u>	<u>780</u>	<u>3,496</u>
Financial liabilities				
Debts issued and borrowings	-	5,840	-	5,840
	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>5,840</u>

Financial instruments which bear interest rate at fixed rates are classified below by the year 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 2019							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	1	43,000	-	-	-	43,001	1.3172
Investments - net	-	2,131	611	3	-	2,745	1.6729
Loans to customers	4,493	16,071	42,742	118,702	25,986	207,994	8.0085
	<u>4,494</u>	<u>61,202</u>	<u>43,353</u>	<u>118,705</u>	<u>25,986</u>	<u>253,740</u>	
Financial liabilities							
Deposits	2,744	89,955	82,251	695	-	175,645	1.8088
Interbank and money market items	-	1,636	368	2,333	-	4,337	0.8304
Debts issued and borrowings	37	6,300	12,000	-	6,680	25,017	2.7367
	<u>2,781</u>	<u>97,891</u>	<u>94,619</u>	<u>3,028</u>	<u>6,680</u>	<u>204,999</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	77	52,115	-	-	-	52,192	1.8253
Investments - net	-	1,727	506	188	-	2,421	2.6722
Loans to customers	2,795	17,201	44,016	118,015	26,489	208,516	7.8347
	<u>2,872</u>	<u>71,043</u>	<u>44,522</u>	<u>118,203</u>	<u>26,489</u>	<u>263,129</u>	
Financial liabilities							
Deposits	1,215	68,914	61,874	3,938	-	135,941	1.6746
Interbank and money market items	-	1,470	140	2,245	-	3,855	1.5144
Debts issued and borrowings	37	15,840	21,000	12,000	6,680	55,557	2.3195
	<u>1,252</u>	<u>86,224</u>	<u>83,014</u>	<u>18,183</u>	<u>6,680</u>	<u>195,353</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2019							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	1,092	-	-	-	-	1,092	0.7500
Loans to customers	2,210	-	-	-	-	2,210	2.0000
	<u>3,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,302</u>	
Financial liabilities							
Debts issued and borrowings	-	6,300	-	-	-	6,300	1.7662
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>	

(Unit: Million Baht)

Transactions	Separate financial statements as at 31 December 2018					Total	Interest rates (%)
	Repricing or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	633	-	-	-	-	633	0.7500
Loans to customers	2,075	-	-	-	-	2,075	2.2000
	<u>2,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708</u>	
Financial liabilities							
Debts issued and borrowings	-	5,840	-	-	-	5,840	1.7807
	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,840</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 a 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, which could result in damages to the subsidiary. 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 a banking business and regulatory requirement. On the other hand, the 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, the 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.

The subsidiary operating a 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 a banking business also issued subordinated and unsubordinated debentures as another source of fund. On the uses 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 2019			
	Remaining contractual maturity			
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	149,657	94,620	9,708	253,985

(Unit: Million Baht)

	As at 31 December 2018			
	Remaining contractual maturity			
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	152,492	83,020	24,863	260,375

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 of less than three months comprise current deposits and saving deposits. Both current deposits and saving deposits are considered to be more stable than term deposits 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	
	2019	2018
Composition of highly liquid assets		
Cash	1,099	1,189
Interbank and money market - net	44,050	53,089
Current investments - net	7,466	6,784
Total highly liquid assets ⁽¹⁾	52,615	61,062
Liquid asset requirement ⁽¹⁾	38,862	43,063

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating a banking business has a policy in maintaining the highly liquid assets higher than the internal liquid asset requirement. As at 31 December 2019 and 2018, the subsidiary operating a banking business has highly liquid assets, which are daily calculated, at Baht 52,615 million and Baht 61,062 million, respectively, higher than the internal liquid asset requirement, which is daily considered, of Baht 38,862 million and Baht 43,063 million, respectively. In addition, the subsidiary operating a banking business has 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 2019 and 2018, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements as at 31 December 2019							Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non- performing loan	
Financial assets								
Cash	1,103	-	-	-	-	-	-	1,103
Interbank and money market items - net	2,299	43,001	-	-	-	-	-	45,300
Derivatives assets	-	22	-	-	-	-	-	22
Investments - net	-	6,331	1,662	3	-	1,367	-	9,363
Loans to customers	4,004	16,986	45,442	136,114	35,687	-	5,834	244,067
Securities and derivatives business receivables - net	-	1,164	-	-	-	-	-	1,164
	<u>7,406</u>	<u>67,504</u>	<u>47,104</u>	<u>136,117</u>	<u>35,687</u>	<u>1,367</u>	<u>5,834</u>	<u>301,019</u>

Financial liabilities

Deposits	43,184	89,955	82,251	695	-	-	-	216,085
Interbank and money market items	319	1,636	368	2,333	-	-	-	4,656
Liabilities payable on demand	307	-	-	-	-	-	-	307
Debts issued and borrowings	37	6,300	12,000	-	6,680	-	-	25,017
Securities and derivatives business payables - net	-	821	-	-	-	-	-	821
Payable to clearing house	-	339	-	-	-	-	-	339
	<u>43,847</u>	<u>99,051</u>	<u>94,619</u>	<u>3,028</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>247,225</u>

Commitments and contingent liabilities

Avals to bills and guarantees of loans	2	1	32	21	-	426	-	482
Other commitments	-	917	90	489	-	76	-	1,572

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Cash	1,192	-	-	-	-	-	-	1,192
Interbank and money market items - net	1,956	52,115	-	-	-	-	-	54,071
Derivatives assets	-	6	-	-	-	-	-	6
Investments - net	-	5,507	1,948	188	-	1,369	-	9,012
Loans to customers	2,369	17,615	45,562	122,796	46,079	-	6,876	241,297
Securities and derivatives business receivables - net	-	949	-	-	-	-	-	949
Receivable from clearing house	-	115	-	-	-	-	-	115
	<u>5,517</u>	<u>76,307</u>	<u>47,510</u>	<u>122,984</u>	<u>46,079</u>	<u>1,369</u>	<u>6,876</u>	<u>306,642</u>
Financial liabilities								
Deposits	58,382	68,914	61,874	3,938	-	-	-	193,108
Interbank and money market items	520	1,470	140	2,245	-	-	-	4,375
Liabilities payable on demand	238	-	-	-	-	-	-	238
Derivatives liabilities	-	5	6	-	-	-	-	11
Debts issued and borrowings	37	15,840	21,000	12,000	6,680	-	-	55,557
Securities and derivatives business payables - net	-	995	-	-	-	-	-	995
Payable to clearing house	-	61	-	-	-	-	-	61
	<u>59,177</u>	<u>87,285</u>	<u>83,020</u>	<u>18,183</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>254,345</u>
Commitments and contingent liabilities								
Avals to bills and guarantees of loans	2	250	38	18	-	446	-	754
Other commitments	-	1,318	623	495	-	351	-	2,787

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Interbank and money market items - net	1,098	-	-	-	-	-	-	1,098
Investments - net	-	-	-	-	-	837	-	837
Loans to customers	2,210	-	-	-	-	-	-	2,210
	<u>3,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>837</u>	<u>-</u>	<u>4,145</u>
Financial liabilities								
Debts issued and borrowings	-	6,300	-	-	-	-	-	6,300
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Interbank and money market items - net	641	-	-	-	-	-	-	641
Investments - net	-	-	-	-	-	780	-	780
Loans to customers	2,075	-	-	-	-	-	-	2,075
	<u>2,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>	<u>3,496</u>
Financial liabilities								
Debts issued and borrowings	-	5,840	-	-	-	-	-	5,840
	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,840</u>

The Company will disclose the Financial Business Group's Liquidity Coverage Ratio as of 31 December 2019 via the Company's website within April 2020.

3.38.4 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivatives instruments, for hedging risks and trading.

As at 31 December 2019 and 2018, the subsidiary operating a banking business has trading financial derivatives instruments as follows:

a) Interest rate swap agreements

The subsidiary operating a 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 2019		
Maturity	Notional amount	Fair value loss
-	-	-

(Unit: Million Baht)

As at 31 December 2018		
Maturity	Notional amount	Fair value loss
2019	1,200	(11)

b) Foreign exchange contracts

The subsidiary operating a banking business entered into foreign exchange contracts to manage the risk associated with its financial assets as follows:

(Unit: Million Baht)

As at 31 December 2019

Maturity	Notional amount	Fair value gain
2020	917	22

(Unit: Million Baht)

As at 31 December 2018

Maturity	Notional amount	Fair value gain
2019	718	6

3.38.5 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)

	Consolidated financial statements			
	As at 31 December			
	2019		2018	
Transactions	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	1,103	1,103	1,192	1,192
Interbank and money market items - net	45,300	45,300	54,071	54,071
Derivatives assets	22	22	6	6
Investments - net	9,363	9,919	9,012	9,792
Loans to customers and accrued interest receivables - net	236,913 ⁽¹⁾	241,650	232,574 ⁽¹⁾	235,815
Securities and derivatives business receivables - net	1,164	1,164	949	949
Receivable from clearing house	1	1	115	115
Financial liabilities				
Deposits	216,085	216,085	193,108	193,108
Interbank and money market items	4,656	4,656	4,375	4,375
Liabilities payable on demand	307	307	238	238
Derivatives liabilities	-	-	11	11
Debts issued and borrowings	25,017	25,101	55,557	55,537
Securities and derivatives business payables - net	821	821	995	995
Payable to clearing house	339	339	61	61

⁽¹⁾ As at 31 December 2019 and 2018, book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 3,563 million and Baht 2,951 million, respectively.

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December			
	2019		2018	
Transactions	Book value	Fair value	Book value	Fair value
Financial assets				
Interbank and money market items - net	1,098	1,098	641	641
Investments - net	837	837	780	780
Loans to customers and accrued interest receivables - net	2,210	2,210	2,075	2,075
Financial liabilities				
Debts issued and borrowings	6,300	6,300	5,840	5,840

In estimating the fair value of financial instruments, an allowance for doubtful debts 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 debts.

3.39 Fair value hierarchy

As at 31 December 2019 and 2018, the Company and its subsidiaries have the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2019				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Assets measured at fair value					
Derivatives					
Foreign exchange contracts	22	-	22	-	22
Available-for-sale investments					
Equity securities	253	253	-	-	253
Debt securities	7,997	-	7,997	-	7,997
Unit trusts	896	837	59	-	896
Investment properties	30	-	-	30	30
Office condominiums	2,452	-	-	2,452	2,452
Assets for which fair value is disclosed					
Cash	1,103	1,103	-	-	1,103
Interbank and money market items - net	45,300	2,331	42,969	-	45,300
General investments	217	-	-	773	773
Loans to customers and accrued interest receivables	236,913 ⁽¹⁾	-	53,810	187,840	241,650
Securities and derivatives business receivables - net	1,164	-	1,164	-	1,164
Receivable from clearing house	1	1	-	-	1
Liabilities for which fair value is disclosed					
Deposits	216,085	40,440	175,645	-	216,085
Interbank and money market items	4,656	353	4,303	-	4,656
Liabilities payable on demand	307	307	-	-	307
Debts issued and borrowings	25,017	-	25,101	-	25,101
Securities and derivatives business payables - net	821	-	821	-	821
Payable to clearing house	339	339	-	-	339

⁽¹⁾ Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 3,563 million.

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2018					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
Assets measured at fair value					
Derivatives					
Foreign exchange contracts	6	-	6	-	6
Available-for-sale investments					
Equity securities	300	300	-	-	300
Debt securities	7,652	-	7,652	-	7,652
Unit trusts	841	780	61	-	841
Investment properties	39	-	-	39	39
Office condominiums	2,477	-	-	2,477	2,477
Liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	11	-	11	-	11
Assets for which fair value is disclosed					
Cash	1,192	1,192	-	-	1,192
Interbank and money market items - net	54,071	2,454	51,617	-	54,071
General investments	219	-	-	999	999
Loans to customers and accrued interest receivables	232,574 ⁽¹⁾	-	60,035	175,780	235,815
Securities and derivatives business receivables - net	949	-	949	-	949
Receivable from clearing house	115	115	-	-	115
Liabilities for which fair value is disclosed					
Deposits	193,108	57,167	135,941	-	193,108
Interbank and money market items	4,375	856	3,519	-	4,375
Liabilities payable on demand	238	238	-	-	238
Debts issued and borrowings	55,557	-	55,537	-	55,537
Securities and derivatives business payables - net	995	-	995	-	995
Payable to clearing house	61	61	-	-	61

⁽¹⁾ Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 2,951 million.

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2019				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Assets measured at fair value					
Available-for-sale investments					
Unit trusts	837	837	-	-	837
Investment properties	955	-	-	955	955
Office condominiums	619	-	-	619	619
Assets for which fair value is disclosed					
Interbank and money market items - net	1,098	6	1,092	-	1,098
Loans to customers and accrued interest receivables	2,210	-	-	2,210	2,210
Liabilities for which fair value is disclosed					
Debts issued and borrowings	6,300	-	6,300	-	6,300

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2018				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Assets measured at fair value					
Available-for-sale investments					
Unit trusts	780	780	-	-	780
Investment properties	831	-	-	831	831
Office condominiums	758	-	-	758	758
Assets for which fair value is disclosed					
Interbank and money market items - net	641	8	633	-	641
Loans to customers and accrued interest receivables	2,075	-	-	2,075	2,075
Liabilities for which fair value is disclosed					
Debts issued and borrowings	5,840	-	5,840	-	5,840

During the current year, there were no transfers within the fair value hierarchy.

4. Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share (Baht per share)	Ordinary share (Baht per share)		
Annual dividends for 2017	The 2018 Annual General Meeting of the Shareholders on 23 April 2018	5.00	5.00	4,003	May 2018
Total dividend payment in year 2018				4,003	
Annual dividends for 2018	The 2019 Annual General Meeting of the Shareholders on 22 April 2019	7.00	7.00	5,604	May 2019
Total dividend payment in year 2019				5,604	

5. Significant events during the year of subsidiary companies

5.1 Increase/decrease in registered share capital of subsidiary companies

- A resolution passed by the 2019 Annual General Meeting of the Shareholders of Hi-Way Co., Ltd. (a subsidiary company) held on 19 April 2019 approved an increase of Baht 500 million in its registered share capital, from Baht 100 million to Baht 600 million, by issuing 5,000,000 new ordinary shares, causing the number of ordinary shares to increase from 1,000,000 shares to 6,000,000 shares of Baht 100 each. The shares are to be fully paid up. On 30 May 2019, the subsidiary company registered the increase in its registered share capital with the Ministry of Commerce.
- A resolution passed by the 2019 Annual General Meeting of the Shareholders of All-Ways Co., Ltd. (a subsidiary company) held on 19 April 2019 approved a decrease of Baht 500 million in its registered share capital, from Baht 700 million to Baht 200 million, by canceling 5,000,000 ordinary shares. As a result, the number of ordinary shares decreased from 7,000,000 shares to 2,000,000 shares of Baht 100 each. On 27 May 2019, the subsidiary company registered the decrease in its registered share capital with the Ministry of Commerce.

5.2 Termination of Joint Venture Agreement, purchase of investment, change of subsidiary company's name and decrease in registered share capital of subsidiary company

- On 4 September 2019, the Company and TISCO Securities Co., Ltd. (TISCO Securities), which is a subsidiary of TISCO Group, signed an agreement to terminate the joint venture agreement of "Deutsche TISCO Investment Advisory Co., Ltd.", a joint venture between TISCO Securities and Deutsche Bank group that operated under an investment advisory license in Thailand. The agreement was effective from 9 September 2019. Subsequent to the termination, TISCO Securities will continue to provide securities brokerage services and equity research services as usual.
- On 9 September 2019, TISCO Securities Co., Ltd. (a subsidiary company) purchased a 49% stake in Deutsche TISCO Investment Advisory Co., Ltd. from Deutsche Bank group, and has already paid the Baht 88 million purchase price of this investment. Therefore, the subsidiary company holds 99% of equity of Deutsche TISCO Investment Advisory Co., Ltd.
- A resolution passed by the Extraordinary General Meeting of the Shareholders of Deutsche TISCO Investment Advisory Co., Ltd. No. 2/2019, on 20 September 2019, approved the change in that company's name and approved the amendment of item No.1 in the memorandum of association, to state that the company's name is "TISCO Investment Advisory Securities Co., Ltd.". On 23 September 2019, the company registered the amendment of its memorandum of association with the Ministry of Commerce.
- A resolution passed by the Extraordinary General Meeting No. 3/2019 of the Shareholders of TISCO Investment Advisory Securities Co., Ltd. (a subsidiary company), on 17 October 2019, approved a decrease of Baht 75 million in its registered share capital, from Baht 100 million to Baht 25 million, by canceling 7,500,000 ordinary shares. As a result, the number of ordinary shares decreased from 10,000,000 shares to 2,500,000 shares of Baht 10 each. On 6 December 2019, the subsidiary company registered the decrease in its registered share capital with the Ministry of Commerce.

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 11 February 2020.

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Remark: Investors can study further information from the Company's 56-1 Form, which appears on www.sec.or.th or the Company website (www.tisco.co.th).

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