



TISCO Financial Group PLC.

Annual Registration Statements 2018

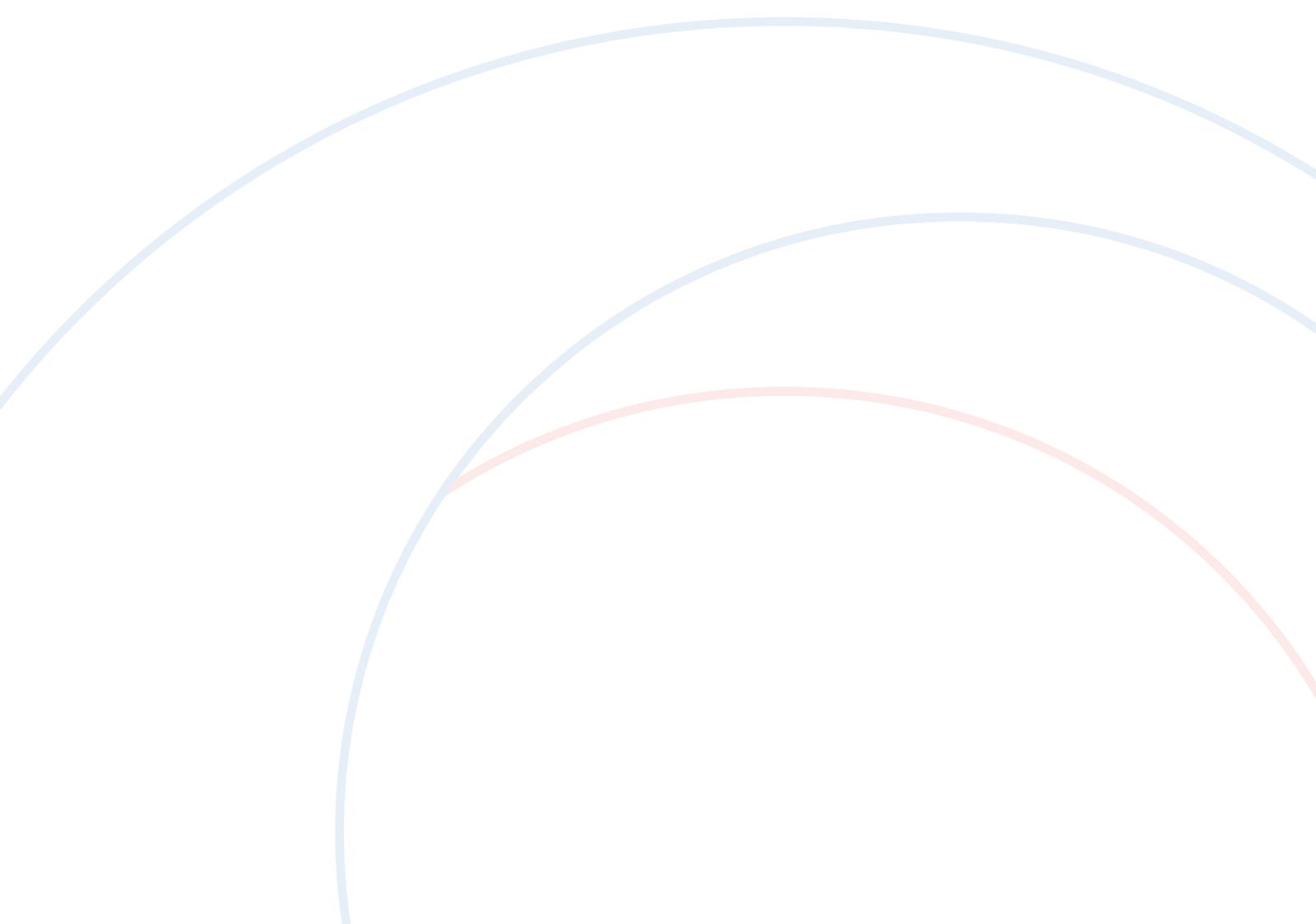


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Report from the Board of Directors

Year 2018 was one of the challenging years for operating landscape of TISCO group. Thai economy maintained moderate growth momentum with the GDP growth of 4.1%, supported by growing exports as well as tourism sector, however with some setback during the latter part of the year from the decline in Chinese tourist arrivals and more stagnant export. Consumption from domestic demand although continued to grow at the steady pace, amidst the ongoing concern from high level of household debt. Domestic car sales in particular, however, showed a major improvement with the sales of over 1 million units this year, recovering from low base, while the government continued its expenditure programs to support growth and shape economic reforms. With global interest rate on the rise, the Bank of Thailand finally raised the policy rate for the first time in seven years from 1.50% to 1.75% in December aiming to increase policy space as well as to be in alignment with global interest rate trend.

World economy encountered much stronger headwinds, particularly the intensifying trade conflict between the US and China that has imposed tensions around the world. With the trade war unlikely to be resolved sometime soon, global economic recovery has become more fragile, and capital market volatility has surged significantly with the trend likely to continue. Concurrently, US Federal Reserve has raised interest rate four times this year to 2.25%-2.50% along with the rising US Treasury bond yields, entailing the capital outflow from emerging markets and thus volatility in emerging markets' capital markets and currencies. Thanks to Thailand's hefty current account surplus and strong reserve, Thai Baht remained resilient.

Thai banking industry in 2018 exhibited loan growth of 6.0% primarily in the retail sector. The growth which may be seen as demand driven may not be as healthy from high house-hold debt perspective. Cautionary measures have been introduced more and more by financial regulators with an aim to cool down loan market with undisciplined lending practices. From technology and service perspective, to support customer need in digital era and promote the cashless society, Thai banks preemptively waived most online transaction fees, which were the key source of bank income, and heavily invested in mobile/digital banking infrastructure to stay on top of each other. Furthermore, other new regulatory initiatives have been introduced with material implications to Thai banking industry. The Market Conduct rules were in full effect to protect customers' rights and benefits, enforcing all banks to conform to the fairness and transparency in selling financial products and services. The Bank of Thailand also proposed Macro Prudential policies to improve the underwriting standards for mortgage loans and consumer loans, causing the tightening credit lending practices. TFRS 9 accounting standard was still under close monitoring amidst the deferment of the adoption to year 2020.

Despite various challenges in 2018, TISCO operation remained strong with reported net profit of 7,016 million baht, a growth of 15.2% from the previous year. The growth was also supported by strong core business margin, improving asset quality and lower credit losses, as well as good realized return from investment and business sales. Although loan portfolio has not yet returned to growth mode due to TISCO's conservative lending policy, the change in business mix has started to show good results with more businesses being diversified to sectors with higher profitability and good recurring stream of fee-based income. As a result, business margin improved with the growth in total revenue despite the absence of loan growth. TISCO was also able to maintain one of the industry highest capital adequacy ratios, loan loss reserve coverage, and high operating efficiency to remain competitive on all key business metrics within the banking industry.

With the commitment to our core competencies, TISCO completed of the sale of personal loans and credit cards business and remained focused on secured consumer lending including car loans, as well as capital market, investment banking and wealth management. While gradually expanding footprint to consumer loan products, the car-titled loan through the "Somwang" channel continued an exceptional growth of 40% YoY and network expansion to almost 240 branches nationwide. TISCO also continued to provide lending facilities and financial advisory to many large corporates, where the financial advisory and underwriting service for two IPO's were successful and completed in 2018, namely Chememan Public Company Limited (CMAN) and Bhiraj Office Leasehold Real Estate Investment Trust (BOFFICE). In wealth & asset Management, TISCO remained the leading position as a comprehensive financial advisor, giving advices on various types of investments, savings for retirement and tax planning.

TISCO has gained recognition with the excellence in business performance award in 2018, earning the honorable “Best Company Performance” from SET Awards 2018 organized by the Stock Exchange of Thailand, and “Distinguished Financial Management” from Thailand Corporate Excellence Awards 2018 by Thailand Management Association and Sasin. The success was achieved not only from the well-managed business strategy, but also the implementation of strong corporate governance with best practices in CG standards. In 2018, TISCO was one of the top 50 ASEAN companies that received highest ASEAN CG Scorecard from ASEAN Capital Markets Forum. For Sustainability Development, while continued to be selected into Thailand Sustainability Investment (THIS) 2018 by the Stock Exchange of Thailand (SET) and received Certificate of “ESG100 Company” for four consecutive years, TISCO was further rewarded with “Sustainability Report Award 2018 – Outstanding”, together with “Sustainability Report Award 2018 – Most Improved” from Thai Listed Companies Association.

The challenges in operating environment will continue in 2019. The impact from weak global economic growth will be explicitly shown from the persistent trade dispute, putting pressure on Thailand’s export sector and overall GDP. Given negative external pressures, the continuing implementation of public infrastructure projects and economic reforms are expected to shore up Thailand’s economic growth. Meanwhile, Thai banking industry will face more vulnerability from rising interest rate, NPL condition in SME and retail sector, and continued slow growth outlook. Regulations from various supervisors will also put more pressure on financial services players on all fronts, driven mainly from consumer protection and macro prudential policies. In 2019 TISCO will celebrate our 50th year anniversary of the sustainable financial institutions. We hope to continue our core value to conduct the business with mastery and integrity with an aim for the success to all stakeholders through all the challenges and uncertainties.

The Board would like to extend our genuine appreciation to clients, business partners, shareholders, management team and staff for their long-term support for the past 50 years. We believe that with the true dedication, commitment and cooperation of management team and staff, and collaboration with business partners, TISCO can continue our advancement as an experienced financial service provider for the clients and society.

The Board of Directors

Part 1

Business Operation

1. Overview of TISCO Business

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

As TISCO Financial Group Public Company Limited operates as shareholders in other companies with no other major business, in which TISCO Bank Plc. is the core company. TISCO Group provides broad range of financial services which can be divided into 2 main business lines including commercial banking and lending business and capital market business.

1.1 Vision, Mission, Values for business operations and Business Strategy

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

Our Vision is “Wealth of Possibilities”.

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

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

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

Strategic Plan

To formulate 3-year business plan, TISCO has considered of both external business environment and internal factors. The external business environments include economic, regulation, and government policies while internal factors which are strengths, weaknesses, opportunities, risks, critical success factors as well as priority issues. The management will take all of these issues into consideration to determine a Corporate Theme. The Corporate Strategy Map, in accordance with the Corporate Theme, will then be crafted along with Vision. To implement strategic planning successfully, TISCO Group has adopted Balanced Scorecard technique with the aim of achieving balance in strategic planning from four perspectives: financial, customer, internal process and learning. Key Performance Indicators will be determined for all business areas, and linked to performance management to gauge employee performance so that staff may be awarded fair compensation based on merit. Additionally, the business performance is constantly monitored via Performance Dashboard session.

Strategic action for the organization

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

- Expand geographical coverage towards microfinance branch network under brand "Somwang". 48 Somwang branches were opened nationwide. At the end of 2018, there were 238 Somwang branches to cater the rising demand of loan against auto license.
- Enhance quality of wealth manager to provide professional financial planning, investment and asset allocation together with open architecture investment and protection platform. In 2018, the numbers of wealth manager, who have qualified AFPT/CFP certification, were increased almost twice comparing with year earlier. In term of new products, TISCO launched several funds in response to various customers' risk levels e.g. TISCO Global Income Fund which focuses on allocating investment among global set of assets, TISCO Global ESG Fund which focuses on selected companies that pass ESG screening criterion. For insurance product, TISCO introduced a new health care protection plan as well as accident protection plan for elderly whereby both products received well response from the customer.
- Expand individual deposits base and wealth management business in growing upper middle income and retirement segments. The deposit base was expanded by 7% (YoY). Meanwhile, TISCO Asset has been arranged retirement financial knowledge seminar for provident fund member throughout 2018.
- Explore and leverage on business partners for client acquisition and market access. TISCO have trusted by Ford and Mazda, which are the leading car producers, to develop car protection insurance.
- Retain and develop more businesses with existing clients through total solution approach. The extensive collaborations across business group will pursue while extending business referrals across the group to develop more products and services that response to customers' lifestyle or needed solutions.
- Develop digital infrastructure to support change in customer behavior and expansion of retail customer base through new platform.

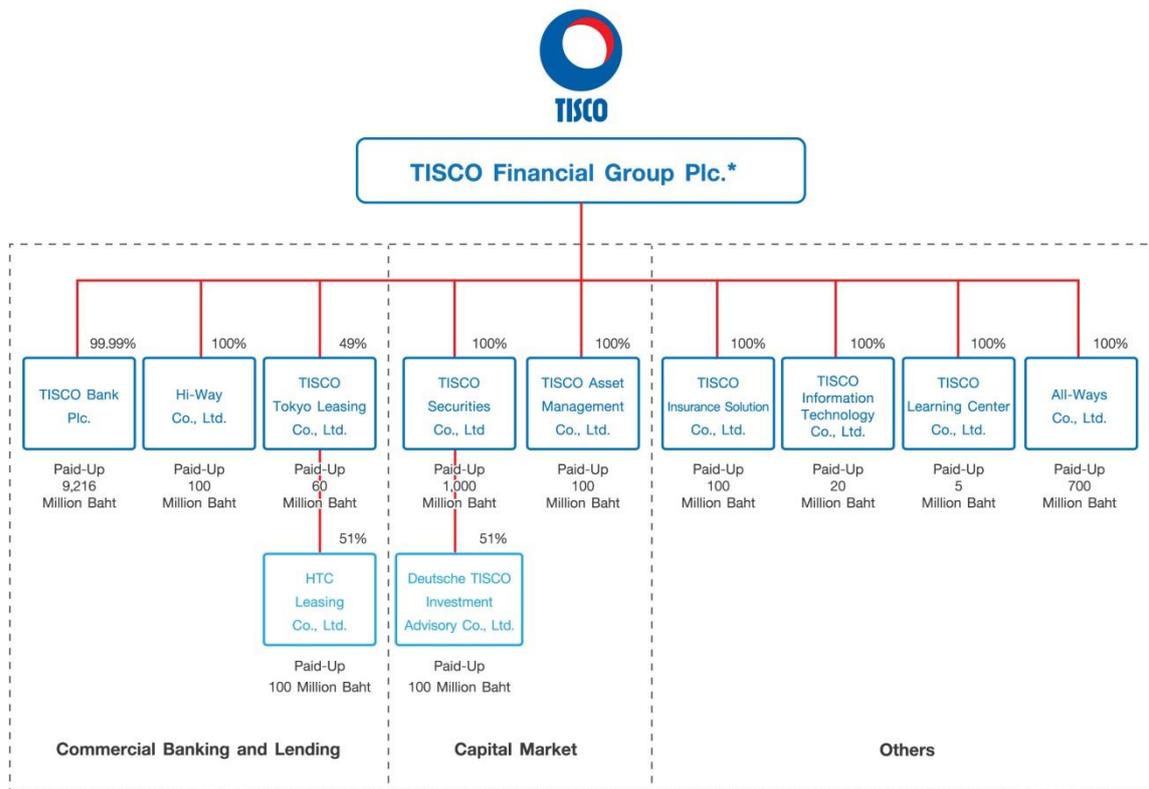
1.2 Important Changes and Developments during the past 3 years

- In 2016, TISCO Bank Public Company Limited and All-Ways Company Limited, the subsidiaries under TISCO Group, have signed an agreement to transfer retail banking business from Standard Chartered Bank (Thai) Public Company Limited whereby the business acquisition was completed successfully on October 1, 2017. TISCO Bank Public Company Limited acquired the retail banking business including mortgage loans, personal loans, business loans, wealth management, bancassurance, and retail deposit business, as well as 4 new bank branches. Meanwhile, All-Ways Company Limited acquired credit card business.
- In 2018, TISCO Bank Public Company Limited and All-Ways Company Limited, the subsidiaries under TISCO Group, entered into agreements for the sale of personal loan portfolio and credit card business with Citibank N.A. (Bangkok Branch). The personal loan portfolio was successfully transferred from TISCO

Bank on June 4, 2018 while credit card business was successfully transferred from All-Ways Co., Ltd. on September 23, 2018.

1.3 Businesses of TISCO Group

As TISCO Financial Group Public Company Limited operates as shareholders in other companies with no other major business, the competitive position can be categorized by business operations of companies in TISCO Group which divided into 2 main businesses: commercial banking and lending business and capital market business which offer various kinds of financial services in order to satisfy diverse customers' needs. TISCO Group's structure as of December 31, 2018 is shown below.



*Listed in The Stock Exchange of Thailand

Details of the juristic person that TISCO Financial Group Plc. held directly more than 10% of their issued shares as of December 31, 2018:

Company/Head Office's Address	Type of Business	Type of shares	Registered Capital	Paid-up Capital	Issued and paid-up shares	Shareholding by the Company	
						Amount 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	921,452,229	100.0
		Preferred			104	-	
		Total			921,567,692	921,452,229	
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	100,000,000	100,000,000	994,500	994,496	100.0
		Preferred			5,500	5,500	
		Total			1,000,000	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	Credit Card	Common	700,000,000	700,000,000	7,000,000	6,999,997	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 Group

² in the liquidation process

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

2. Business Operations by Area

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

Commercial banking and lending business: TISCO Group conducts commercial banking and related lending services under Financial Institution Business Act and related regulations. The financial services are offered through headquarter and branch network nationwide of TISCO Bank Plc. and subsidiaries.

Capital Market Business: TISCO Group provides securities and asset management services under Securities and Exchange Act.

Revenue structure

The revenue structure of the TISCO Group is as follows.

(unit: Million baht)

	2016		2017		2018	
	Amount	Amount	Amount	%	Amount	%
Interest Income						
- TISCO Bank Plc.	15,185	90.6	15,521	84.4	16,728	83.5
- Hi-Way Co., Ltd.	712	4.2	759	4.1	871	4.4
- Other Subsidiaries	114	0.7	102	0.5	91	0.4
Total Interest Income	16,011	95.5	16,382	89.0	17,690	88.3
Total Interest Expenses	(5,091)	(30.4)	(4,814)	(26.2)	(5,075)	(25.3)
Net Interest Income	10,920	65.2	11,567	62.8	12,615	63.0
Fee and Service Income						
- TISCO Bank Plc.	3,105	18.5	3,266	17.8	3,181	15.9
- TISCO Asset Management Co., Ltd.	1,143	6.8	1,686	9.2	1,523	7.6
- TISCO Securities Co., Ltd.	985	5.9	1,064	5.7	944	4.7
- Other Subsidiaries	135	0.8	329	1.8	691	3.4
Fees and Service Income	5,368	32.0	6,345	34.5	6,339	31.6
Fees and Service Expenses	(230)	(1.4)	(246)	(1.3)	(244)	(1.2)
Net Fees and Service Income	5,138	30.6	6,099	33.2	6,095	30.4
Other Operating Income	700	4.2	728	4.0	1,323	6.6
Total Operating Income	16,758	100.0	18,394	100.0	20,033	100.0

2.1 Area of Services

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

1. Retail Banking

Retail Banking group provides 3 service types as follows.

1.1 Retail Loans

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

- **Hire-Purchase Financing**

Hire-purchase financing is operated by TISCO Bank Plc, Hi-Way Co., Ltd, TISCO Tokyo Leasing Co., Ltd and HTC Leasing Co., Ltd allow borrowers to buy assets under hire-purchase terms. The buyer makes a

down payment at the predetermined proportion of asset value and pays equal installment amounts over the contract period. The ownership of assets is then transferred to the buyer after all installments are paid. Contract periods are ranged from 1 to 7 years. A fixed interest rate is charged in line with the market rate on the contract date.

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

In 2018, TISCO Group (specified for TISCO Bank and credit granting companies) granted hire purchase loan for new car, ranked by car brands contribution, with 46.0% from Ford, 22.4% from Mazda, and 31.6% of other brands. The proportion of hire purchase loan between new car and used car were 90% and 10%. Amidst high market demand of hire-purchase loans, the TISCO Group has focused to expand the business by enhancing of service quality, offering variety of services, as well as effective control of asset quality rather than engaging in price competition. Additionally, the interest rates charged are competitive and the maximum payment period is in compliance with rules of the Bank of Thailand.

- **Consumer Loans**

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

Mortgage Loans are granted to acquire residential property, including multipurpose loans, which use property as collateral to support the client's liquidity. The repayment terms are varied 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 fixed interest rate at certain pre-defined period such 1-3 years.

In 2018, the mortgage product namely "Mortgage Saver" was introduced via digital channel to facilitate product information and create brand awareness. Mortgage Saver allows customer to make prepayment in order to reduce mortgage interest while allowing customer to make withdrawals such excess cash anytime without requesting to approve new loan. At the moment, Mortgage Saver is the only mortgage loan in Thailand having this unique feature. As a result, the customers will effectively manage their cash and satisfying diverse demands.

Consumption Loans are operated by TISCO Bank Plc, and Hi-Way Co., Ltd; providing multipurpose loans for individuals and business owners in need of cash flow for various purposes under brand "TISCO Auto Cash" and "Somwang". The loan against vehicle registration has continually enhanced in responses to diverse needs of customer segments covering car, truck and motorcycle. Key feature of loan against vehicle registration includes repayment periods up to 72 months without transfer of vehicle registration as well as allow customer to fully settle entire outstanding debt prior to the due date. To enhance customers' convenience in accessing service, TISCO has expanded branch network of loans against vehicle registration nationwide under Somwang branches. The online channels have provided to enhance customers' service convenience whereby the customer can apply online loan application at websites www.tiscoautocash.co.th and www.somwang.co.th while news and activities of Somwang can be followed at fanpage www.facebook.com/somwangfanpage.

Personal Loans are operated by TISCO Bank Plc. providing multipurpose loans for individuals and business owners in need of cash flow for various purposes. The personal loan portfolio was successfully transferred from TISCO Bank to Citibank N.A. (Bangkok Branch) on June 4, 2018

Credit card are operated by All-Way Co., Ltd. providing loans for individuals and operates card business for sales finance and cash advance. The credit card business was successfully transferred from All-Ways Co., Ltd. to Citibank N.A. (Bangkok Branch) on September 23, 2018.

Customer and Distribution Channels

Target customers of the retail loans business are individuals having regular income or salary with good repayment record. The Group operates retail loans business nationwide through the Bank's headquarters and its branch network and other subsidiary companies.

The car hire-purchase business in TISCO Group is operated by TISCO Bank Plc, and TISCO Tokyo Leasing Co., Ltd while motorcycle hire-purchase is operated by Hi-Way Co., Ltd. TISCO Group has expanded client base towards dealer platform whereby the most of hire-purchase client has regular income and good repayment record. For consumption loans which are operated by TISCO Bank Plc., Hi-Way Co., Ltd and All-Ways Co., Ltd. TISCO Group targets individual customer with adequate repayment ability. At the end of 2018, there were 61 branches of TISCO Bank, 9 branches of motorcycle hire-purchase and 238 Somwang branches under Hi-Way Co., Ltd.

1.2 Bancassurance

TISCO Bank and TISCO Insurance Solution Co. Ltd. have been granted Insurance Broker license from the Department of Insurance under the Ministry of Commerce. TISCO provides insurance brokerage services for both life and non-life insurances covering various types of insurances. TISCO has focused to select and develop both life and non-life insurance products that match with risks and needs of each customer segment towards open-architect platform and the open-architect platform enable the company to select and develop product with the insurance company who is product expertise in the different business area. As a result, TISCO can provide suitable and valuable product for the customer. For non-life insurance, the service includes motor insurance, fire insurance, accidental insurance, critical illness insurance, and miscellaneous insurance. For life insurance, the service includes group-life insurance, health insurance. In addition, TISCO presently partner with several business partners who are the leading insurance companies with strong market presence and financial stability.

In 2018, TISCO emphasized to develop insurance products for retail client. For health care insurance, TISCO launched a new health care protection plan namely "My Care Smart" with variety of coverage options in response to individual needs. TISCO offered insurance premiums discount for corporate staffs who top-up My Care Smart Plan in addition to their company's medical care benefit. Likewise, the Bank launched accident protection plan for elderly whereby it is renewable yearly for life up to 100 years old together with tax deductible benefit. For the hire purchase customer, the Bank has appointed by Ford Sales and Service (Thailand) Co., Ltd. to be official insurance broker serving Ford Ensure, a car protection policy, to all new Ford's customers.

To ensure that the services have complied with market conduct framework, the intensive training program have trained to sales staff by providing knowledge and understanding about the protection benefit, term & condition and exceptions of insurance products. In parallel, TISCO has provided adequate product documentation as well as advisory to ensure that the customers are able to select the suitable products in accordance with their needs and payment ability. In addition, related rules & regulations have been emphasized to all sales staffs while also ensure that sales practice have conducted with fair and transparency customer treatment.

1.3 Commercial Lending

Commercial lending provides commercial credits mainly in small and medium-sized businesses such as inventory financing for car dealers, working capital loans, project finance and hire-purchase and leasing loans for customers in various segments including automobile & parts, logistics, and etc. Moreover, the Bank actively joined hand with Thai Credit Guarantee Corporation (TCG) under government project portfolio-guarantee scheme phase 7 to facilitate small and medium-sized enterprises (SMEs).

2. Corporate Banking

Corporate Banking group provides 2 service types as follows

2.1 Corporate Lending

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

- **Working Capital Loans**

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

- **Project and Term Loans**

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

- **Other Commercial Loans**

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

- **Guarantee and Aval Services**

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

- **Loan Consultancy and Related Services**

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

- **Custodian Service**

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

Customer and Distribution Channels

The target customers are the existing customers who have established long-term relationship with the Bank, and new customers from industries that support economic growth and/or sectors with strong government backing, such as automobile and parts, agriculture and food processing, real-estate, power & utilities, transportation and logistics, and tourist.

The Bank provides corporate and commercial loans towards headquarter in Bangkok. The customer will directly contact through customer relationship officer. In addition, the Bank also participate loan syndication for mega project with other financial institutions both local and foreign bank.

2.2 Investment Banking

TISCO Securities Co., Ltd. is a leader in investment banking service with a long-established reputation more than 49 years in providing the best service to both with corporate and government-related clients. With high caliber and highly experienced professionals, TISCO Securities Co., Ltd. is specialized in many essential industries such as energy & utilities, petrochemicals, telecommunications, transportation & logistics, health care, banking & financial institutions, media & entertainment, and manufacturing, together with a wealth of experience in equity and debt markets, both domestically and internationally. TISCO Securities Co., Ltd. has been approved by the SEC to provide

financial advisory services and granted an underwriting license from the Ministry of Finance. The full range of financial advisory and underwriting services are covering various types of instrument including equity, debt, and convertible instruments. Moreover, TISCO Securities Co., Ltd. also provides financial advisory service for merger & acquisition, privatization advisory and implementation, project financing, debt restructuring, feasibility study, project valuation, and general advisory, etc.

In 2018, TISCO's investment banking was trusted by our customers to provide various financial advisory services including financial advisory and underwriting service for the Initial Public Offering ("IPO"), financial advisory for fund raising, tender offer, merger and acquisition, and company valuation. The highlighted transactions in 2018 included the financial advisor and lead underwriter for the initial public offering of Chememan Plc. (CMAN) totaling 922 million baht; and the financial advisor and lead underwriter for the initial public offering for REIT of Bhiraj Office Leasehold Real Estate Investment (BOFFICE) with the issue size of 5,153 million baht.

3. Wealth & Asset Management

With an aim to become "Top Advisory House", TISCO offers 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 for our clients in meeting up with their savings and investment demand. TISCO Wealth's client can be categorized into 3 groups including TISCO Premium, TISCO Platinum, and TISCO Private. These groups are defined by total consolidated portfolio including both investment in fund, securities, and deposits. TISCO Premium is defined as client having total consolidated portfolio of 1 to 5 million baht. TISCO Platinum is defined as clients having total consolidated portfolio of 5 to 20 million baht while TISCO Private is defined as clients having total consolidated portfolio of more than 20 million baht. TISCO Wealth clients are closely serviced by our personal banking officers, wealth managers, and private bankers, who provide deposit services and various types of investment advisory for both onshore and offshore investment.

TISCO Wealth clients enjoy full range of financial and lifestyle privileges including fees exemption on financial transaction services, updates on investment news, investment seminars, and special privileges including birthday privilege, lifestyles events, travelling, healthcare privilege, and special discounts on selected stores.

In 2018, TISCO Wealth continues to focus on its service excellence in being a full coverage investment advisory house. Regarding this aspect, TISCO's Economic Strategy Unit has issued TISCO Investment Portfolio Strategy or TIPS, a comprehensive report covered in-depth analysis of global economy, financial markets, and investment strategy. In parallel, TISCO Wealth seeks and develops foreign investment and trigger funds to deliver the best wealth solutions for the customer. Moreover, TISCO Wealth has emphasized to enhance staff's quality by aiming to acquire Certified Financial Planner (CFP) in the future. To extend service capability, TISCO has introduced one stop service for mutual fund trading via open architecture platform which enable customers to invest with various mutual funds from 10 leading asset management companies including TISCO Asset Management in coupled with fund selection and comprehensive wealth advisory services at TISCO Bank's branches.

Wealth & Asset Management group provides 7 service types as follows:

3.1 Private Banking

Private Banking is in charge of high net-worth clients with deposits and investment portfolio of more than 20 million baht. Private Banking services including deposits, cash management services, professional financial and investment advisory as well as fund management services. In 2018, TISCO Bank continued to provide in-depth investment advisory services covering all investment types and asset classes around the world through professional investment consultant at TISCO Bank branches. In addition, TISCO has regularly arranged investment seminars by TISCO Investment Guru to cater different investors' needs.

3.2 Retail Deposit

TISCO Bank has offered a variety of deposit products such as current account, savings account, and fixed deposits account along with related financial transaction services including issuance of cashier cheque and personal cheque, cheque clearing, and funds transfer.

In 2018, TISCO Bank has continued to focus on its complete range of financial and investment products by offering new savings account targeting retail deposits customers which is TISCO My Savings. TISCO My Savings is a savings account with no requires minimum opening balance, monthly interest payment at maximum deposit rate of 1.85% p.a. Besides, TISCO My Savings offers unlimited deposits, withdrawals, and transfers. Moreover, the Bank has developed TISCO Mobile Banking application for banking transactions via mobile phone including Promptpay, bill payment, as well as conduct purchasing transactions via Thai QR Code anywhere and anytime.

3.3 Private Sales Brokerage

Private Sales Brokerage is operated by TISCO Securities Co., Ltd (“TISCO Securities”), as a member number two on the Stock Exchange of Thailand, offering brokerage services to retail clients through head office in Bangkok including Thonglor Branch and four other branches upcountry including Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, and Udon Thani. In 2018, service foundation of TISCO Securities Co., Ltd is built on quality and client satisfaction while adhering to ethics and service integrity. In addition, client can choose services by placing orders through their designated marketing officers or by themselves through internet channel.

With an aim to expand customer base, enhance trading volume and deploying technology to improve services, TISCO Securities Co., Ltd has continued Banker to Broker initiative with the Stock Exchange of Thailand in which investors can open trading account of both equity and derivatives at TISCO Bank branches. TISCO Securities has developed Mobile Application namely TISCO Guru Plus, a stock investment application in which investors can search for stocks according to their investment style and risk appetite with model portfolio function. It also provides real time research publications whereas the investors are able to set up notifications as needed. The customer can connect with TISCO Securities via Line application: @TISCOeResearch which is an effective information channel. In addition, TISCO Securities has continually promoted marketing activities and provide investment knowledge in Bangkok and key provinces to investors as well as our marketing staffs to attain the best possible service for the customer. Apart from domestic investment, TISCO Securities also provides international brokerage services namely “TISCO Global Trade” to provide investment opportunities for the customer who demands to invest in world-class companies in 5 leading countries including United State of America, Britain, Japan, Hong Kong, and Singapore. The market share of retail investor was at 1.7% in 2018.

Table shows information on TISCO Securities business

(Unit: Million baht)

Information of TISCO Securities Business	2016	2017	2018
Trading values of Individual Customer	206,359.12	206,293.45	186,729.26
Overall Market Share – Company ¹ (%)	2.4	2.6	2.5
Market Share – Retail Customer (%)	1.6	1.9	1.7

¹ SET and MAI excluding Proprietary Trading

Source: TISCO Securities Co., Ltd.

3.4 Institutional Brokerage

TISCO Securities Co., Ltd offers brokerage services to institutional clients through head office in Bangkok. In 2018, TISCO Securities proactively carried out marketing activities by arranging leading corporation’s representatives to meet with global investors through Deutsche TISCO Investment Advisory Company Limited, who provide world-class equity research and strategic investment advisory service for domestic and foreign institutional investors. Thus the market share of institution customer was 2.5% comprised of 3.0% from local institution investor and 2.2% from foreign institution investor.

Table shows information on TISCO's Securities Business

(Unit: Million baht)

Information of TISCO Securities Business	2016	2017	2018
Trading values of Institutions Customer	318,798.58	337,049.55	422,419.67
- Domestic	157,520.69	171,316.87	192,077.73
- Foreign	161,277.89	165,732.68	230,341.94
Market Share – Institutions Customer^{/1} (%)	2.7	2.7	2.5
- Domestic Institutions	3.0	3.3	3.0
- Foreign Institutions	2.5	2.3	2.2

^{/1} SET and MAI

Source: TISCO Securities Co., Ltd.

3.5 Asset Management

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

• Provident funds

TISCO Asset Management Co., Ltd's provident fund management license covers advisory services for setting up provident funds, and registrar and advisory services for provident fund committees. Fund investments cover wide range of instruments such as bond, debenture, equity and ETFs in line with consent from the respective provident fund committees. Moreover, the mobile application "My PVD My TISCO" was developed to enhance customer convenience. It provides fund information, statement enquiry, as well as support retirement planning.

As of December 31, 2018 there were 116 provident funds accounted for asset under management amounted to 162,127.22 million baht, up by 7.3% (YoY), representing 4,287 companies and 659,225 members. As of December 31, 2018, the provident fund business accounted for a market share of 14.4% putting the company in 2nd place in the overall market, based on net asset value. The breakdown of TISCO Asset's provident fund types is shown below

(Unit: Million baht)

TISCO Asset Provident Fund	2016	2017	2018	% Growth
Single Fund	46,782.57	48,502.87	49,063.20	1.2
Master Fund	84,290.67	102,550.55	113,064.02	10.3
Total	131,073.24	151,053.42	162,127.22	7.3

• Private funds

TISCO Asset Management Co., Ltd provides private fund management services for individuals and juristic persons taking into account the client's risk-return profile in offering a wide range of investment alternatives including equity, fixed income, and mutual funds. The customers receive reports which summarize fund performance on a regular basis. As of December 31, 2018, there were 268 private funds accounted for asset under management amounted to 42,064.87 million baht, increased by 0.5%. As of December 31, 2018, the private funds business accounted for a market share of 4.3%, putting the company in 5th place in the overall private fund market. The breakdown of TISCO Asset Management Co., Ltd.'s private fund types is shown below.

(Unit: Million baht)

TISCO Asset Private Fund	2016	2017	2018	% Growth
Juristic person	15,789.24	30,939.45	31,831.46	2.9
Individual	10,943.71	10,915.82	10,233.41	(6.3)
Total	26,732.95	41,855.28	42,064.87	0.5

- **Mutual funds**

TISCO Asset Management Co., Ltd provides mutual fund management services for retail investors. Mutual fund units are sold to the general public with due consideration given to finding the right investment type suitable for each investor's needs. TISCO Asset Management Co., Ltd focuses on efficient investment based on continuous research and risk management. It reports fund performance to the public regularly. The asset management companies focused on multi-asset strategy by investing in various assets such as Global Emerging Markets Fund, Global Technology Equity Fund, Global Infrastructure Equity Fund, US Financial Sector Fund and Trigger Fund.

As of December 31, 2018, there were 98 mutual funds accounted for asset under management amounted to 44,869.71 million baht. As of December 31, 2018, the mutual fund business accounted for a market share of 0.9% and ranked 14th in the overall mutual fund market.

3.6 Cash Management Services

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

3.7 Mutual Fund Selling Agent

Mutual Fund Selling Agent is operated by TISCO Bank Co., Ltd offering advisory mutual fund products and services via Open Architecture platform for our clients to enjoy benefits from 10 asset management companies, 500 funds including TISCO Asset Management's together with our expertise in wealth advisory service. Additionally, TISCO will also facilitate customer in research and investment strategy to maintaining good return from investment along with the good choice of investment including asset allocation strategy for the customer.

Distribution Channels

TISCO Bank has offered a variety of deposit products with related financial transaction services such as mutual fund and insurance product through head office and 61 branches in all regions of Thailand. Moreover, the Bank offers customer anytime, anywhere to access banking transaction with TISCO Mobile Banking.

Moreover, TISCO Securities offering brokerage services to retail clients through head office and 4 branches along with the service through Application TISCO Guru Plus and Line Application @TISCOeResearch.

In general, TISCO Asset Management Co., Ltd. uses direct market approach as main channel for all fund types. For mutual fund business, the company has additional channels consisting of selling agents from banks, finance and securities companies, as stated in their prospectus. The customers also carry out fund trading transaction via website www.tiscoasset.com.

4. Corporate Affairs & CSR

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

- Enterprise Risk Management, Risk & Business Analytics, Investment, 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, Corporate Services, Corporate Sourcing & Vendor Management
- Human Resources Management, Human Resources Services

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

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

2.1 Market and Competition

2.2.1 Commercial Banking Business

- **Market**

As of December 31, 2018, commercial banking system was totaled 30 banks, comprising of 19 domestically-registered commercial banks and 11 subsidiaries and branches of foreign banks. The conditions of deposits and loans market are detailed as follows;

Deposits

As of December 31, 2018, deposits of 14 domestically-registered commercial banks¹ were at 12,577,810 million baht, up by 3.1% (YoY). At the end of 2018, average 3-month deposit interest rate of the top four large banks remained stable at 0.93% amidst ample market liquidity. In addition, the Bank of Thailand raised the policy rate (Overnight Repo) 1 times in December 2018 from 1.50% to 1.75% p.a. It was the first rate hike in seven years to maintain financial stability and to build up policy space in the future.

Table showing movement of average interest rates of Thai commercial banks

(Unit: % per year)

	2016	2017	2018
Minimum Lending Rate (MLR) ^{/1}	6.26	6.20	6.20
3-month fixed deposit rate ^{/1}	0.93	0.93	0.93

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

Net Loans

As of December 31, 2018, net loans of 14 domestically-registered commercial banks were at 11,614,834 million baht, up by 5.0% (YoY) along with domestic economy expansion. At the end of 2018, the average MLR at the top four large banks was at 6.20% per year. The Bank's net loan was 225,559 million baht, reduced by 3.7% (YoY). At the end of 2018, TISCO Bank ranked eleventh in asset. The market share of assets, deposits and net loans were 1.7%, 1.6% and 1.9% respectively.

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

Table exhibits comparison of assets, deposits and net loans as of December 31, 2018

(Unit: Million baht)

Commercial Banks	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
1. Bangkok Bank Plc.	3,008,242	17.6	2,262,490	18.0	1,875,908	16.2
2. Siam Commercial Bank Plc.	2,860,127	16.7	2,156,936	17.1	2,022,277	17.4
3. Krung Thai Bank Plc.	2,656,181	15.5	2,042,948	16.2	1,734,199	14.9
4. Kasikorn Bank Plc.	2,641,150	15.4	1,991,423	15.8	1,823,362	15.7
5. Bank of Ayudhya Plc.	2,049,902	12.0	1,420,893	11.3	1,502,571	12.9
6. Thanachart Bank Plc.	984,124	5.7	753,945	6.0	679,939	5.9
7. TMB Bank Plc.	888,151	5.2	649,575	5.2	652,714	5.6
8. UOB Bank Plc.	525,142	3.1	405,299	3.2	372,178	3.2
9. CIMB Thai Bank Plc.	350,377	2.0	185,215	1.5	209,094	1.8
10. Kiatnakin Bank Plc.	295,137	1.7	182,206	1.4	220,160	1.9
11. TISCO Bank Plc.	290,700	1.7	195,216	1.6	225,559	1.9
12. Land & House Bank Plc.	238,658	1.4	168,171	1.3	158,118	1.4
13. ICBC (Thai) Plc.	199,700	1.2	102,142	0.8	106,306	0.9
14. Standard Charter Bank(Thai) Plc.	151,860	0.9	61,351	0.5	32,449	0.3
Total	17,139,451	100.0	12,577,810	100.0	11,614,834	100.0

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

Car hire-purchase business, the major business of the Bank, generally expanded in line with domestic auto sales growth. In 2018, domestic car sales grew by 19.5% (YoY) to 1,041,739 units attributed to the launch of new car models coupled with aggressive pricing campaigns and attractive loan condition. For year 2018, the total domestic auto sales comprised 38.4% of passenger car and 61.6% of commercial car.

Table showing car sales in Thailand during 2013-2018

(Unit: Vehicle)

Category	2014	2015	2016	2017	2018
Passenger car	369,836	299,309	279,827	346,247	399,657
Commercial car	511,996	500,323	488,961	525,400	642,082
Total	881,832	799,632	768,788	871,647	1,041,739

Source: Automobile Institute

- Competition**

For the sector performance, commercial bank industry recorded higher net profit compared to 2017, driven by higher interest income from loan expansion and lower provisioning expenses to cancel out the impact of waiving digital transaction fees as well as the investment for technological development to enhance services. Total outstanding loan expanded by 6.0% mainly driven by the consumer loans. On the loan quality front, NPLs ratio was at 2.93%, close to the year earlier. The asset quality was pressured by weakened asset quality of SME loans as well as high household debt level. Nevertheless, the commercial banks have sufficient loan loss reserves to cushion against the weak asset quality while the capital fund remained solid to support the effective for the new accounting standards (IFRS 9) to take effect in 2020.

In 2018, there was lower degree of deposit competition due to market liquidity remained at high level. The commercial banks launched deposit campaigns from time-to-time to maintain customer base as well as term deposits to maintain cost of fund. In wealth management segment, several large commercial banks have strengthened their private banking and wealth management businesses by forming a partnership with leading global partners to enhance service platform as well as expand investment product offerings. Moreover, the commercial banks announced transaction fees cancellation over digital channels during the early of 2018, which in turn, bolster their digital-based transactions. Driven by changing customer behavior toward digital banking transaction, some of commercial banks have downsized the physical branch networks to reduce operating cost while emphasized more on development and deployment of financial technology to enhance service capability. Hence, TISCO Bank continues to focus on expanding retail deposit customer base by offering board range of savings, investment, and protection products to response with diverse needs of customer as well as improving services to enhance customer convenience. TISCO also enhances quality of wealth relationship manager in order to provide professional financial advisory and planning for different customer risk and investment profiles.

For corporate and SMEs banking businesses, the competition remained intense to maintain the existing customer base as well as expanded new customer. Most of the players adopted pricing strategy and integrated financial solution to serve the customer. Nevertheless, the commercial banks tightened credit policy for SMEs segment to curb the weakened asset quality. Meanwhile, some of corporate customers tend to raise fund from the issuance from equity and debt instrument. TISCO Bank has focused on controlling asset quality as well as preparing to cope with economic uncertainty. Thus, TISCO Bank aims to compete on service quality rather than pricing. The Bank also expands customer base by deploying long experience in the business, excellence operation, and quality service to response with diverse needs of the customer.

For auto hire purchase business, the competitors in auto hire purchase business can be divided into two major groups: 1) commercial bank and leasing company, a subsidiary of commercial bank and 2) subsidiary companies of car manufacturers and car dealers (captive finance companies). For the year 2018, the competition in auto hire purchase market remained intense despite the total car sales was increased by 19.5% (YoY) following new car models from key car manufacturers and strong promotional campaign along with improving economic condition. Meanwhile, the used car sales have been slow down from the previous year due to the strong promotional campaign and low interest rate of new car. Nevertheless, TISCO Group has retained the competitive advantage in new car business from being the key strategic partner with car manufacturers and car dealers of Ford and Mazda. Moreover, Office of The Consumer Protection Board (OCPB) issued the notification of the Contracts Committee regulating hire purchase contracts for automobile and motorcycle hire purchase businesses 2018. The regulation will provide better customer protection and fair treatment by amending some clauses i.e. the calculation of interest rate on late payments, cap on penalty fees for overdue payments, as well as providing hire purchase payment schedule showing all details to the borrowers, and etc. Amidst economic volatility, TISCO Group continues to expand customer base through efficient and high standard of service, long experience in hire purchase business, good relationship with car dealers, effective cost and risk management together with extensive customer database.

2.2.2 Capital Market Business

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

- **Market**

At the end of 2018, there are 42 companies¹ who have been granted to operate brokerage business service and 74 companies¹ who have been granted to operate financial advisory service by the office of Securities and Exchange Commission. In 2018, SET index closed at 1,563.88 points, decreased by 189.83 points (10.8% YoY) from 1,753.71 points at the end of the previous year. Meanwhile, the average daily turnover was at 56,409 million baht, increased by 18.1% from 2017. For derivative market, total trading volume increased by 32.2% to 104 million contracts from a year earlier. The average daily volume increased to 426,213 contracts per day, significantly improved from 324,217 contracts per day in 2017. In primary market, there were 19 newly listed companies in SET and MAI markets, 3 property funds

¹ Source: www.sec.or.th

(REITs) and 1 infrastructure fund (IFF). The total offering size of newly listed securities was 81,572.53 million baht, down by 23.2% (YoY).

The capital market in 2018 was highly fluctuated throughout the year resulting from prolonged trade war between US and China, the US Federal Reserve's interest rate raise totaling 3 times, and declining oil price. As the result, the SET index had continuously declined especially in the fourth quarter driven by hefty foreign fund outflow over year in amount 287,696 million baht. Meanwhile, the trading portion of retail investors fallen to 39.6% from 46.0% whereas part of them switch to trade derivative products i.e. Single Stock Future and Block Trade which are favorable during past 2-3 years.

Table shows capital market conditions

	2016	2017	2018
SET index (points)	1,542.94	1,753.71	1,563.88
Market capitalization (million baht)	15,079,272	17,587,433	15,978,252
Trading turnover (million baht)	12,259,772	11,652,311	13,820,220
Average daily turnover (million baht)	50,245	47,755	56,409
Dividend yield (%)	3.04	2.70	3.22
Price to earnings ratio (times)	18.55	19.06	14.75
Number of listed companies on the SET	522	538	545
Volume of derivative contract (contracts)	69,576,164	78,990,574	104,422,200

Source: The Stock Exchange of Thailand

• Competition

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

For the year 2018, TISCO Securities enhanced service capability of several investments tools. For instance, Stock Scan feature was integrated in TISCO Guru Plus, a stock investment application to increase customer's service convenience. It provides real-time information for all investment demand covering comprehensive stock selection, notify when stocks reach target price and immediately execute orders. Besides, TISCO Securities has provided Aspen Mobile application service that provides graphic technical analysis and real-time online news around the world. For the institutional client business, Deutsche TISCO Investment Advisory Co., Ltd has continually developed research and investment advisory services to serve local and foreign institutional investors. In 2018, TISCO Securities Co., Ltd accounted for a market share (excluding proprietary trading) of 2.5%, ranked 18th place among 38 securities companies.

For the investment banking market, the market competition is intense as there are a lot of market players while market demand is limited. The players have completed in term of price and quality of services. In response, TISCO Securities focused on quality of team, experience, and expertise in financial advisory as well as established long-term relationship with customer.

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

• Market

For the asset management industry, there are 27 players including asset management companies, commercial banks, securities companies, and insurance companies. As of December 31, 2018, the asset under management of asset management market totaled 7,126,964 million baht, increased by 3.1% (YoY). Furthermore, the provident funds totaled 1,128,848 million baht, increased by 4.3% (YoY) while private funds totaled 989,415 million baht, increased by 17.6% (YoY). Mutual funds totaled 5,008,701 million baht, increased by 0.5% (YoY). The details of industry AUM at year-end of 2016 to 2018 are shown as follows:

Table shows Asset Management Industry AUM

(Unit: Million baht)

Funds	2016	2017	2018
Provident Fund	973,273	1,082,620	1,128,848
Private Fund	746,170	841,078	989,415
Mutual Fund	4,529,538	4,986,212	5,008,701
Total	6,248,981	6,909,910	7,126,964

Source: Association of Investment Management Companies

• Competition

In 2018, overall performance of provident fund business has continually grown amidst intense market competition. The top-market share asset management companies have carried out aggressive marketing campaigns by offering price, variety of funds, and fund performance to attract the customer. In addition, several asset management companies have developed mobile application which enable customer to change investment policy while also serve as a channel providing specific investment advisory for individual customer.

In provident fund business, TISCO Asset Management Co., Ltd (TISCO ASSET) has continued to maintain its market share and leading market position with the highest number of corporate accounts. In 2018, the number of leading corporates that newly assigned TISCO ASSET as their provident fund manager was more than 300 companies, e.g. Sammitr Motors Manufacturing Plc., Thai Packaging Industry Plc., Hitachi Consulting (Thailand) Group and etc. Also there were funds transferred to TISCOASSET such as Asia Capital Group Plc., Silom Medical Co.,Ltd., IT One Co.,Ltd., Daikin Airconditioning (Thailand) Co.,Ltd. and Thai Dairy Co.,Ltd. etc. At the end of 2018, total provident fund under management was 162,127 million baht.

In 2018, TISCOASSET has joined as a partner in "Happy PVD Company" project with the Securities and Exchange Commission Thailand in cooperation with The Stock Exchange of Thailand, the Association of Investment Management Companies and the Association of Provident Fund. The main objective of the project aims to encourage employees to give a priority to long-term savings for a good quality of life after retirement. Moreover, recently TISCO ASSET has won the award of "Best Provident Fund Provider Thailand 2018" from Global Banking and Finance Review. The award reflects our good provident fund performance and excellent services.

For mutual fund and private fund businesses, despite the capital market in 2018 was highly fluctuated from various factors i.e. prolonged trade war between US and China, the US Federal Reserve's interest rate hike, the fluctuate currencies of emerging markets, and etc. causing investors to remain cautious and allocate their investment to lower risk assets. In 2018, mutual fund industry slightly increased by 0.5% (YoY) with total AUM of 5 trillion baht. According to the proposal of the Ministry of Finance in August 2018, the cabinet agreed to impose 15% withholding tax on the gains from investment in fixed income fund which lower the return on investment in fixed income fund.

Despite an unfavorable and highly volatile investment climate in 2018, TISCO Asset was seeking the investment opportunity to launch new investment products responding to diverse investment demand. For instance, TISCO India Active – a mutual fund focuses on India equity market, TISCO Global Income – a mutual fund focuses on allocating investment among global set of assets for moderate risk investor, TISCO Global ESG – a mutual fund focuses on selected companies that pass ESG screening criterion. Amidst highly volatile equity market, TISCO launched 7 trigger

funds that investing in both domestic and foreign capital markets i.e. China and Japan equity markets as well as specific sector investment i.e. technology sector.

For private fund business, the industry growth remained high driven by the fund inflow from institution clients amidst low interest rate environment. However, the intense price competition still persisted in this client segment. Thus, TISCO Asset Management avoided competition in this segment but focusing on individual clients which have different preference from institution client. The most of individual clients have higher risk tolerance, considering on creditability of organization, investment advisory service, as well as service capability of fund management team rather than considering only competitive price. In sum, private fund as of December 31, 2018 slightly increased to 42,065 million baht from 41,855 million baht after growth over 50% in 2017.

Table shows the TISCO's asset under management by type of fund business as of December 31, 2018

Funds	Net asset under management (Million baht)	Market Share (%)	Market Rank
Provident Fund	162,127.22	14.4	2/16
Private Fund	42,064.87	4.3	5/24
Mutual Fund	44,869.71	0.9	14/23
Total	249,061.80	3.5	8/27

Source: Association of Investment Management Companies

2.2 Resources

1) Sources of Fund

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

(Unit: Million baht)

Sources of Fund	2016	2017	2018
Deposits ¹	161,034.44	188,280.76	198,985.23
Interbank and Money Market Items	5,196.60	4,017.51	4,374.67
Debentures	64,362.00	63,601.70	49,680.00
Other Liabilities	9,353.82	12,756.67	11,675.28
Total Sources of Fund from Liabilities	239,946.86	268,656.64	264,715.18
Capital	31,325.54	34,731.76	37,829.45
Total Sources of Fund	271,272.40	303,388.41	302,544.63

As of December 31, 2018, list of assets and liabilities breakdown by term to maturity is shown in the following table:

(Unit: Million baht)

Transactions	0 – 3		3- 12		Over 5		Non-performing	
	At call	months	months	1-5 years	years	Unspecified	loans	Total
Financial assets								
Cash	1,192	-	-	-	-	-	-	1,192
Interbank and money market items	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	-	949	-	-	-	-	-	949
Receivables 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>1,396</u>	<u>6,876</u>	<u>306,642</u>

¹ Total deposits including short-term borrowings

Transactions	0 – 3		3- 12		Over 5		Non-performing	
	At call	months	months	1-5 years	years	Unspecified	loans	Total
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
Derivative 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
Payables 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>
Commitment 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

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

2) Lending

- **Credit granting policy**

Commercial loans

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

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

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

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

Retail loans

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

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

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

- **Credit Approval Limits and Authorities**

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

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

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

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

- **Credit Risk Management**

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

To ensure independence in carrying out the credit approval process and reporting to the Risk Management Committee, credit quality control functions are clearly separated from marketing functions. Moreover, credit review functions assigned by the Internal Control function and the Audit Committee are responsible for reviewing ongoing credit approval processes and ensuring transparency in overall credit granting procedures.

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

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

- **Credit Collection**

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

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

- **Debt restructuring**

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

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

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

(3) Capital Adequacy

The Group has a policy to maintain capital that is adequate to safeguard against company risks in the long run, taking into account long-term solvency within economic uncertainties and the adequacy of regulatory capital-to-risk asset ratios as required by law. Currently, the Bank of Thailand sets the capital adequacy ratio for banks registered in Thailand at 10.375%, where Tier-I Capital must be maintained at a level equal to at least 7.875% of risk assets.

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

(4) Liquidity Management Policy

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

Meanwhile, the Treasury function is responsible for daily liquidity management and preparation for securing sources and the use of funds as required. The Treasury function is also responsible for managing the Bank's liquidity position to comply with internal guidelines and the regulatory requirements of the BoT.

(5) Asset Classification, Provisions and Write-offs

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

- (1) Assets classified as Loss are claims where there is no possibility of repayment due to death, disappearance, bankruptcy or dissolved business, or losses from debt restructuring according to the rules and regulations of the Bank of Thailand.

- (2) Assets classified as Doubtful-to-Loss are assets or claims whose entire value is expected to be irrevocable, such as debt claimed on the principal and interest overdue more than 12 months from the payment date.
- (3) Assets classified as Doubtful are assets or claims that are unlikely to be repaid in full, such as debtors with payments overdue more than 6 months from the contractual payment date.
- (4) Assets classified as Sub-Standard are defined as assets or claims with difficulties of repayment or that do not generate a reasonable income, such as debtor-owing interest and/or principal payments for a cumulative period of over three months from the contractual due date.
- (5) Assets classified as Special Mentioned are assets or claims whose value is deteriorating, such as debtor-owing interest and/or principal payments for a cumulative period of over one month from the contractual due date.
- (6) Assets classified as Pass are assets or claims which are not classified as Loss, Doubtful to Loss, Doubtful, Sub-Standard, or Special Mentioned.

The Group has a conservative provisioning policy. As of December 31, 2018, the Bank's reserves were 11,051.80 million baht, or 239.3% of those required by the BoT. Our asset classification policies are in compliance with those set by the Bank of Thailand and the Securities and Exchange Commission as presented in Part 1 Section 4: Operating Assets item: 4.2

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

(1) Sources of fund

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

(2) Credit approval and authorization

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

(3) Margin trading accounts

All clients of securities brokerages are cash accounts.

(4) Investment Policy

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

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

(5) Capital Adequacy Ability

The Net Capital Rule (NCR) ratio of TISCO Securities Co., Ltd. as of December 31, 2018 is 105.91%, 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 Function is responsible to facilitate all related business units in order to perform periodically stress tests, and report the stress testing results as well as the recommendations on any important aspects to the Risk Management Committee. Stress testing assessment and results shall be integrated to setting and evaluating the internal management strategy which may involve reviewing the need for limit changes or developing contingency plans.

Risk Management Framework

In accordance with enterprise-wide risk management policies and objectives, risk management and internal control have been monitored and controlled by the Board of Directors of the Company with the delegation to the Executive Board of Directors of the Company. An effective management process has been established for assessing and managing all firm-wide risk exposures at both the portfolio and transactional levels to ensure the financial soundness and safety of TISCO Group. Senior management and relevant business advisory committees oversee the entire risk management framework and strategy for all business areas supported by planning and budgeting function. Risk Management Committee, supported by enterprise risk management, risk and business analytics, operational risk

management, and IT risk management functions, are set up to oversee that enterprise-wide risk management of the group is undertaken according to the same standard. Specific-area risk authorities are then established to manage in-depth, transaction-level risks in each particular area, such as the Credit Committee, Problem Loan Committee, and Compliance & Operation Control Committee. These mechanisms are in turn supported by the 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. Additionally, risk limits triggered as well as new businesses shall be reported monthly to the Risk Management Committee for acknowledgement. However, to enhance the overall risk management system, the risk management system shall be audited and reported to the Audit Committee which directly reports to the Board of Directors.

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.

In year 2018, TISCO Group set up IT Risk Management function to support risk management committee regarding to IT risk as integral part of operational risk and IT Risk Committee in specific-area risk authorities to manage in-depth and transaction-level of IT risks.

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

- Board of Directors

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

- Board of Directors of Subsidiaries

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

- Risk Management Committee

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

- Specific-Area Risk Authorities

Specific-area risk authorities are set up to address in-depth risk management and controls at the transaction level. Key specific-area risk authorities include the Credit Committee and Problem Loan Committees, which are in turn supported by the 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, 2018, NPL ratio of TISCO Group increased from 2.32% at the end of 2017 to 2.86% at the end of 2018, mainly resulting from the revision of loan classification criteria to be more stringent for installment loan in accordance with prudent credit control policy, despite the clients' repayment behavior and overall asset quality that remained stable. Moreover, in order to prevent rising credit risk, an increase in expected loss was also absorbed by the provision expense set up during the year, with prudently managed non-performing loans (NPLs) including advanced risk management tools and stringent practice of loan collection, debt restructuring and write-off process. Additionally, NPL ratio of retail loan increased from 2.74% at the end of 2017 to 3.36% at the end of 2018, where NPL ratio of corporate loan increased from 0.94% to 1.32%. Total NPLs was 6,876.21 million baht which increased by 18.0% or 1,046.85 million baht. NPLs of the Bank were 6,309.06 million baht, where NPLs of other subsidiaries amounted 567.14 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. In 2018, TISCO Group has utilized portion of general reserve to compensate the potential losses in the future. Meanwhile, as of December 31, 2018, loan loss reserve of TISCO Group was 11,673.64 million baht, or 169.8% of NPLs. Total loan loss reserve of the Bank was 11,051.80 million baht or accounted for 239.3% 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, 2018, hire purchase and commercial loans represented 54.4% and 18.7% of the total credit portfolio, respectively. The hire purchase portfolio, of which concentration was very low, had 130,861.49 million baht of loan outstanding. Top-10 borrower exposure of hire purchase portfolio stood at 670.13 million baht or 0.5% of the total hire purchase portfolio, or equal to 0.2% of the total credit portfolio.

For the commercial loan portfolio, it was diversified into four different sectors: manufacturing and commerce, 9,699.49 million baht; real estate and construction, 11,386.13 million baht; public utilities and services, 23,289.33 million baht; and agricultural and mining, 673.77 million baht. Lending to the above industrial sectors represented 21.5%, 25.3%, 51.7%, and 1.5% of the total commercial loan portfolio, and 4.0%, 4.7%, 9.7%, and 0.3% of the

total credit portfolio, respectively. As top-10 borrower exposure stood at 34,417.96 million baht or accounting for 11.8% of the total credit portfolio, there is slight concentration in public utilities and services as well as manufacturing and commercial sector which have been managed under risk management procedure. Moreover, commercial loan portfolios are almost fully collateralized. In loan approval process, appropriate proportion of collateral value and financing amount is maintained to ensure that risks were kept within a manageable level. Furthermore, collateral values will be regularly appraised and effective loan drawdown procedure has been implemented. Portfolio credit quality was closely monitored.

3.1.3 Collateral Risk

Collateral risk occurs from borrower defaults and the value after selling collaterals in the debt collection process cannot cover the original debt amount. As of December 31, 2018, lending portfolio of TISCO Group came mostly from TISCO Bank whereby 77.9% 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 75.8% 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, 2018 were worth 10.86 million baht, or 0.004% of total assets. Allowances for impairment stood at 52.2% of total foreclosed assets.

▪ Credit Risk Management Framework

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

Credit risk is mainly incurred from subsidiary companies, in which conducting loan as main business. Specific-Area credit risk authorities include the Credit Committee, and Problem Loan Committee, which are established to oversee credit risk management and control at in-depth transaction level of subsidiary companies. The Credit Committee is responsible for reviewing and granting credit approvals to any single client proposed by lending officers. The Credit Committee may delegate its authority to designated persons for authorizing lower-risk

transactions. The Problem Loan Committee was set up to monitor and follow up overdue payment of problem loan accounts and foreclosed assets on a regular basis.

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

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

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

3.2 Liquidity Risk

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

As of December 31, 2018, the value of liquid assets is 64,046.99 million baht, which comprised of cash at 1,191.80 million baht compared to 1,324.81 million baht in December 31, 2017, net transactions with interbank and money market at 54,071.39 million baht compared to 44,647.15 million baht as of December 31, 2017 and net current investment at 8,792.84 million baht compared to 7,125.98 million baht as of December 31, 2017.

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 57,371.55 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, 2018, the Bank reported deposit 193,108.31 million baht, the outstanding long-term debentures (both subordinated and unsubordinated) of 18,680.00 million baht and short-term debentures of 31,000.00 million baht, and bill of exchange amounted to 5,876.92 million baht.

▪ Liquidity Risk Management Framework

Funding risk management is overseen by the Risk Management Committee who delegates day-to-day management of liquidity position to the accountable business line, subject to independent oversight and compliance to the approved risk policies and regulatory requirements. Key funding risk policies involve the management of cash flow maturity profiles, 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, 2018, the equity portfolio stood at 1,360.13 million baht, of which 299.56 million baht was listed equity, 780.28 million baht was ETF in current market value, and 219.51 million baht was non-listed equity in book value.

TISCO Group gained profit from security investment amounted to 486.78 million baht. Meanwhile, loss from the difference between fair value of securities as of December 31, 2018 and unrealized loss of securities according to the accounting standard of security foreclosure were 88.53 million baht.

(1) Listed Equity Risk and ETF

TISCO Group exposed to price risk from market price volatilities of listed equity and ETF investment. Investment portfolio in available-for-sale book stood at 1,140.62 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, 2018, unrealized loss from available-for-sale investments equaled 88.53 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, 2018, was 206.52 million baht, increased from 192.28 million baht as of December 31, 2017 mainly resulted from increasing of risk exposure due to stock value increase during the year. For effective risk management and control, trigger limits were set up to monitor the overall market risk profile according to internal guidelines, such as concentration trigger limit, stop-loss trigger limit, etc.

(2) Non-Listed Equity Risk

Non-listed equity portfolio's book value stood at 219.51 million baht, decreased from 420.36 million baht from the end of 2017 from sale transaction. 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, 2018, 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	116,622.31	61,300.41	44,445.62	71,049.78	293,418.11
Liabilities	(88,951.01)	(140,258.40)	(15,878.10)	(8,985.29)	(253,072.80)
Net Gap	28,671.30	(78,957.99)	28,567.52	62,064.48	40,345.31

Under the change of interest rate within 1 year, TISCO Group had liabilities over assets within 2-12 month stand at 78,957.99 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, 2018 stood at 7,643.18 million baht, increased from 5,741.68 million baht at the end of 2017. Average duration of the bond portfolio was 0.30 year, increased from 0.21 year from the end of 2017. Meanwhile, average duration of the debenture portfolio was 1.39 years, increasing from 0.98 years from the end of 2017. 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.

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 2018, 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 2018 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 2018, 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 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 2018, 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 2018, 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 2018, 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, 2018, as TISCO Bank's capital requirement based on Basel III Internal Rating Based Approach (IRB), the regulatory capital adequacy ratio (BIS ratio) stood at 22.91% remaining higher than the 10.375% required by the Bank of Thailand. Tier-I and Tier-II adequacy ratio stood at 17.85% and 5.06%, respectively, in which Tier-I adequacy ratio also remained higher than the minimum requirement at 7.875%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 105.91%, 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 14,795.51 million baht, accounting for 40.1% of total projected capital base under Basel III - IRB of 36,890.19 million baht. In addition, capital surplus for future risks and business expansion stood at 22,094.68 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 2018, net profit of TISCO Bank and other subsidiaries was 6,423.46 million baht, where 1,513.70 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 26.5% 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, 2017 and 2018 are as follows: These assets are free from any obligations.

(Unit: Million baht)

List	Type of Property Right	Contingent Liability	Value	
			2017	2018
Land				
Cost	owner	none	17.51	17.51
Office condominium and building improvements				
Cost	owner	none	697.73	746.83
Revaluation	owner	none	2,585.86	2,477.10
Furniture fixtures computer and equipment				
Cost	owner	none	1,153.76	1,183.60
Motor vehicles				
Cost	owner	none	156.80	164.31
Total			4,611.66	4,589.35
<u>Less</u> Accumulated Depreciation			(1,958.46)	(1,597.12)
Land, premises, and equipment – Net			2,653.20	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, 2017 and 2018, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million baht)

Types	Maturity	As at December 31,	
		2017	2018
Lease office building and branch office	Within 1 year	213	192
	Over 1-5 years	319	281
	Over 5 years	70	56
Total		360	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.	3,405.39
TISCO Tower Office	TISCO Information Technology Co., Ltd.	TISCO Financial Group Plc.	2,149.59
TISCO Tower Office	TISCO Bank Plc.	TISCO Financial Group Plc.	1,286.47
TISCO Tower Office	TISCO Learning Center Co., Ltd.	TISCO Financial Group Plc.	590.00
TISCO Tower Office	Deutsche TISCO Investment Advisory Co., Ltd.	TISCO Financial Group Plc.	375.00
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, 2018 are shown below:

(Unit: Million baht)

Classification	Loans and receivables	Investments in securities	Property foreclosed	Investment in receivable	Total	%
Pass	264,469	-	-	-	264,469	92.0
Special mention	16,533	-	-	-	16,533	5.8
Substandard	3,356	-	-	-	3,356	1.2
Doubtful	1,536	-	-	-	1,536	0.5
Bad debts	1,417	36	13	12	1,478	0.5
Total	287,311	36	13	12	287,372	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 are sold, after which they are included in determining earnings.

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

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

4.4 Policies on investment in subsidiaries and joint venture company

The details on investment in subsidiaries and joint venture company are presented in Notes to Financial Statements 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, 2018	Cost Method As of December 31, 2018
TISCO Bank Plc.	9,216	17,641
TISCO Securities Co., Ltd.	1,000	1,075
TISCO Asset Management Co., Ltd.	100	110
Hi-Way Co., Ltd.	100	273
TISCO Information Technology Co., Ltd.	20	22
TISCO 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.	700	700
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, 2018, the Company and its subsidiary companies had 37 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 334.15 million baht, which was less than 5% of its shareholders' equity, consisting of:

- (1) 35 cases that TISCO Bank being sued (estimated total amount of 333.43 million baht), there were 15 cases involving total amount of 77.94 million baht which were in the tribunal process and not yet reach judgment. Furthermore, there were 20 cases, with a total value of 255.49 million baht that already dismissed by the Court of First Instance and/or the Appeal Court, however, the plaintiffs still appealed to the Appeal Court or Supreme (Dika) Court.; and
 - (1.1) 1 administrative case with a total value of 2.92 million baht which governmental unit as the plaintiff filed lawsuit against TISCO Bank as the guarantor under letter of guaranty. Currently, the case was dismissed by the Administrative Court of First Instance but the plaintiff appealed the case to Supreme Administrative Court;
 - (1.2) 1 criminal case which the plaintiff filed a lawsuit against car dealer, manufacturer and TISCO Bank as co-defendants for Selling goods be any fraudulent and deceitful means or cheating and fraud. This case was in the tribunal process and not reaches judgment; and
 - (1.3) 33 cases that TISCO Bank being sued (estimated total amount of 330.5 million baht), there were 14 cases involving total amount of 77.94 million baht which were in the tribunal process and not yet reach judgment. Furthermore, there were 19 cases, with a total value of 252.56 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 Court.
- (2) 2 cases that TISCO Asset Management Co., Ltd. being sued (estimated total amount of 0.72 million baht) and the tribunal process was not reach judgment.

Additional details on legal disputes are presented in Notes to Financial Statements; 3.37.2 Litigation. The management of the TISCO Group believes that neither the Company nor its subsidiary companies will suffer material loss as a result of the abovementioned lawsuits. In addition, there is no claim against the Company by the directors, managements or any related 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	: 48/49 TISCO Tower, 21 st Fl., 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 6880
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 Shareholder Information

7.1 Registered and Paid-up capital

(1) Registered and paid-up capital as of December 31, 2018 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 December 20, 2018, 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 124,256,648 shares, or 15.52% of paid-up capital, consisting of 124,249,348 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 Shareholder

(1) The Company's Major Shareholders

The top 10 major shareholders whose names appeared in the share registration book as of December 20, 2018, are as follows.

No.	Shareholders	Outstanding Stock			
		Common Stock	Preferred Stock	Total Stock	Percentage
1	THAI NVDR CO., LTD.	124,249,348	7,300	124,256,648	15.52
2	CDIB & PARTNERS INVESTMENT HOLDING PTE.LTD.	80,065,320	-	80,065,320	10.00
3	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	47,486,888	-	47,486,888	5.93
4	TOKYO CENTURY CORPORATION	39,482,767	-	39,482,767	4.93
5	STATE STREET EUROPE LIMITED	27,482,961	-	27,482,961	3.43
6	SOCIAL SECURITY FUND	25,051,330	-	25,051,330	3.13
7	KRUNGSRI DIVIDEND STOCK LTF	18,455,400	-	18,455,400	2.31
8	THANACHART DIVIDEND STOCK FUND	16,483,000	-	16,483,000	2.06
9	BNY MELLON NOMINEES LIMITED	15,033,849	-	15,033,849	1.88
10	SE ASIA (TYPE B) NOMINEES LLC	14,470,169	-	14,470,169	1.81
TOTAL SHAREHOLDING OF TOP 10 MAJOR SHAREHOLDERS		408,261,032	7,300	408,268,332	51.00
OTHER SHAREHOLDERS		392,384,592	2,559	392,387,151	49.00
GRAND TOTAL		800,645,624	9,859	800,655,483	100.00

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

(2) 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, 2018 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 25, 2018, were as follow.

No.	Shareholders	Outstanding Stock			
		Common Stock	Preferred Stock	Total Stock	Percentage
1	TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED	921,452,229	-	921,452,229	99.99
2	Mr. KITTI CHAI KRAIKORKIT	30,247	-	30,247	0.00
3	Ms. PORNSUK PORNPRAPA	8,100	-	8,100	0.00
4	Ms. SUPAVADEE PIYAMONGKOLVONG	6,000	-	6,000	0.00
5	Ms. RACHIT KOWATTANAKUL	6,000	-	6,000	0.00
6	Mr. SUCHART TANGKVIVIJ	5,000	-	5,000	0.00
7	BANK JULIUS BAER & CO., LTD.	4,800	-	4,800	0.00
8	Mr. PRACHA LEELAPRACHAKUL	3,624	-	3,624	0.00
9	Mr. SONGRIT KONGPIPATCHAISIRI	3,000	-	3,000	0.00
10	Mr. PRAPAT SRINUWATTIWONG	3,000	-	3,000	0.00
TOTAL SHAREHOLDING OF TOP 10 MAJOR SHAREHOLDERS		921,522,000	-	921,522,000	100.00
OTHER SHAREHOLDERS		45,588	104	45,692	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

- None -

Subsidiary and Affiliate Companies

As of December 31, 2018 TISCO Bank has outstanding subordinated and unsubordinated debentures issued and offered (excluding short-term debenture) totaled 49,680 million baht

As of December 31, 2018, the outstanding debentures of TISCO Bank Public Company Limited are detailed as follow:

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

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,600,000 units
Outstanding	:	1,600,000 units
Tenor	:	10 years
Issuing Date	:	January 29, 2014
Maturity Date	:	January 29, 2024
Security	:	None
Coupon Rate	:	6.00% per annum started from issuance date
Payment Date	:	On the 29 th of January April July and October of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: <ol style="list-style-type: none"> (a) On the 5th anniversary from the issuing date or on any coupon dates after the 5th year of issuance. <ol style="list-style-type: none"> i If the issuer can provide funding equivalent or better than the amount of debenture. ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand. (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 25, 2018
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

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

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	800,000 units
Outstanding	:	800,000 units
Tenor	:	10 years
Issuing Date	:	February 19, 2014
Maturity Date	:	February 19, 2024
Security	:	None

Coupon Rate	:	6.00% per annum started from issuance date
Payment Date	:	On the 19 th of February May August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: <ul style="list-style-type: none"> (a) On the 5th anniversary from the issuing date or on any coupon dates after the 5th year of issuance. <ul style="list-style-type: none"> i If the issuer can provide funding equivalent or better than the amount of debenture. ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand. (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 25, 2018
Debenture holder Representative	:	-
Debenture Registrar	:	TMB Bank Public Company Limited

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

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,000,000 units
Outstanding	:	1,000,000 units
Tenor	:	10 years
Issuing Date	:	June 5, 2015
Maturity Date	:	June 5, 2025
Security	:	None
Coupon Rate	:	4.50% per annum started from issuance date
Payment Date	:	Every 5 th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: <ul style="list-style-type: none"> (a) After the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 25, 2018
Debenture holder Representative	:	-
Debenture Registrar	:	TMB Bank Public Company Limited

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

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,000,000 units
Outstanding	:	1,000,000 units
Tenor	:	10 years
Issuing Date	:	December 17, 2015
Maturity Date	:	December 17, 2025
Security	:	None
Coupon Rate	:	4.25% per annum started from issuance date
Payment Date	:	Every 17 th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: (a) On the 5 th anniversary of the issuance of the debenture or on any coupon date after the 5 th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 25, 2018
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

5. Subordinated Instruments intended to qualify as Tier 2 Capital of TISCO Bank Public Company Limited No.1/2016 Due 2026 with the Issuer's right to early redeem, which may be required to be written off (fully or partially) when the regulatory authorities decide to grant financial assistance to the Issuer

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	680,000 units
Outstanding	:	680,000 units
Tenor	:	10 years
Issuing Date	:	August 10, 2016
Maturity Date	:	August 10, 2026
Security	:	None
Coupon Rate	:	3.875% per annum started from issuance date
Payment Date	:	Every 10 th of February May August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: (a) On the 5 th anniversary of the issuance of the debenture or on any coupon date after the 5 th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 25, 2018
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

6. Subordinated Instruments intended to qualify as Tier 2 Capital of TISCO Bank Public Company Limited No.1/2017 Due 2027 with the Issuer's right to early redeem, which may be required to be written off (fully or partially) when the regulatory authorities decide to grant financial assistance to the Issuer

Type of Offering	: Private Placement to not more than 10 investors within any 4 months period
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 10 years
Issuing Date	: February 23, 2017
Maturity Date	: February 23, 2027
Security	: None
Coupon Rate	: 4.00% per annum started from issuance date
Payment Date	: Every 23 rd of February May August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: <ul style="list-style-type: none"> (a) On the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	: A from TRIS Rating Company Limited on April 25, 2018
Debenture holder Representative	: -
Debenture Registrar	: TMB Bank Public Company Limited

7. Subordinated Instruments intended to qualify as Tier 2 Capital of TISCO Bank Public Company Limited No.2/2017 Due 2027 with the Issuer's right to early redeem, which may be required to be written off (fully or partially) when the regulatory authorities decide to grant financial assistance to the Issuer

Type of Offering	: Private Placement to not more than 10 investors within any 4 months period
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 600,000 units
Outstanding	: 600,000 units
Tenor	: 10 years
Issuing Date	: November 15, 2017
Maturity Date	: November 15, 2027
Security	: None
Coupon Rate	: 3.70% per annum started from issuance date
Payment Date	: Every 15 th of February May August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: <ul style="list-style-type: none"> (a) On the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	: A from TRIS Rating Company Limited on April 25, 2018

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

8. The Debentures of TISCO Bank Public Company Limited No. 3/2016 Tranche 1 Due 2019

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 5,000,000 units
 Outstanding : 5,000,000 units
 Tenor : 3 years
 Issuing Date : March 23, 2016
 Maturity Date : March 23, 2019
 Security : None
 Coupon Rate : 1.95% per annum started from issuance date
 Payment Date : Every 23rd of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
 Issue Rating : A from TRIS Rating Company Limited on July 25, 2018
 Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

9. The Debentures of TISCO Bank Public Company Limited No. 4/2016 Tranche 1 Due 2019

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 5,000,000 units
 Outstanding : 5,000,000 units
 Tenor : 3 years
 Issuing Date : April 27, 2016
 Maturity Date : April 27, 2019
 Security : None
 Coupon Rate : 1.85% per annum started from issuance date
 Payment Date : Every 27th of April and October of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
 Issue Rating : A from TRIS Rating Company Limited on April 11, 2017
 Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

10. The Debentures of TISCO Bank Public Company Limited No. 4/2017 Tranche 1 Due 2019

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 5,000,000 units
 Outstanding : 5,000,000 units
 Tenor : 1 years 6 months
 Issuing Date : July 21, 2017
 Maturity Date : January 21, 2019
 Security : None
 Coupon Rate : 1.85% per annum started from issuance date
 Payment Date : Every 21st of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
 Issue Rating : A from TRIS Rating Company Limited on July 25, 2018
 Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

11. The Debentures of TISCO Bank Public Company Limited No. 5/2017 Tranche 1 Due 2019

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 8,000,000 units
Outstanding	: 8,000,000 units
Tenor	: 1 years 6 months
Issuing Date	: November 9, 2017
Maturity Date	: May 9, 2019
Security	: None
Coupon Rate	: 1.75% per annum started from issuance date
Payment Date	: Every 9 th of May and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

12. The Debentures of TISCO Bank Public Company Limited No. 1/2018 Tranche 1 Due 2019

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 5,000,000 units
Outstanding	: 5,000,000 units
Tenor	: 1 years 6 months
Issuing Date	: January 5, 2018
Maturity Date	: July 5, 2019
Security	: None
Coupon Rate	: 1.75% per annum started from issuance date
Payment Date	: Every 5 th of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

13. The Debentures of TISCO Bank Public Company Limited No. 2/2018 Tranche 1 Due 2019

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 3,000,000 units
Outstanding	: 3,000,000 units
Tenor	: 1 years 6 months
Issuing Date	: February 9, 2018
Maturity Date	: August 9, 2019
Security	: None
Coupon Rate	: 1.68% per annum started from issuance date
Payment Date	: Every 9 th of February and August of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

14. The Debentures of TISCO Bank Public Company Limited No. 3/2018 Tranche 1 Due 2020

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht

Offering Price	: 1,000 baht
Issue size	: 4,000,000 units
Outstanding	: 4,000,000 units
Tenor	: 2 years
Issuing Date	: April 9, 2018
Maturity Date	: April 9, 2020
Security	: None
Coupon Rate	: 1.65% per annum started from issuance date
Payment Date	: Every 9 th of April and October of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

15. The Debentures of TISCO Bank Public Company Limited No. 4/2018 Tranche 1 Due 2020

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 6,000,000 units
Outstanding	: 6,000,000 units
Tenor	: 2 years
Issuing Date	: May 21, 2018
Maturity Date	: May 21, 2020
Security	: None
Coupon Rate	: 1.75% per annum started from issuance date
Payment Date	: Every 21 st of May and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

16. The Debentures of TISCO Bank Public Company Limited No. 5/2018 Tranche 1 Due 2020

Type of Offering	: Private Placement specific for institutional investors and net worth investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 2,000,000 units
Outstanding	: 2,000,000 units
Tenor	: 2 years
Issuing Date	: August 10, 2018
Maturity Date	: August 10, 2020
Security	: None
Coupon Rate	: 2.05% per annum started from issuance date
Payment Date	: Every 10 th of February and August of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	: A from TRIS Rating Company Limited on July 25, 2018
Debenture holder	: -
Representative	
Debenture Registrar	: TMB Bank Public Company Limited

As of December 31, 2018 TISCO Bank has outstanding short-term debenture totaled - million baht

17. Short-term Debenture of TISCO Bank Public Company Limited No. 1/2018

Type of Offering	: Private Placement specific for institutional investors
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: up to 70,000,000 units

Outstanding	: - units
Tenor	: As specified in the supplement of terms & conditions of each series. The tenor of short-term debenture will be within 270 days from issuance date
Issuing Date	: As specified in the supplement of terms & conditions of each series. The issuance date will be during January 16, 2018 to January 15, 2019
Maturity Date	: As specified in the supplement of terms & conditions of each series. The tenor of short-term debenture will be within 270 days from issuance date
Security	: None
Coupon Rate	: As specified in the supplement of terms & conditions of each series whereby interest rate of each series will be varied.
Payment Date	: Payment at maturity date
Issuer Rating	: A from TRIS Rating Company Limited on April 25, 2018
Debenture holder Representative	: None
Debenture Registrar	: TISCO Bank Public Company Limited

As of December 31, 2018 TISCO Tokyo Leasing Company Limited has outstanding subordinated and unsubordinated debentures issued and offered totaled 2,500 million baht.

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

1. Guaranteed debenture of TISCO Tokyo Leasing Company Limited No. 1/2016 with maturity date in 2019

Type of Offering	: Private Placement
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 3 years
Issuing Date	: March 17, 2016
Maturity Date	: March 17, 2019
Guarantor	: Century Tokyo Leasing Corporation
Coupon Rate	: 1.99% per annum started from issuance date
Payment Date	: On the 17 th of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: None
Issue Rating	: AAA from TRIS Rating Company Limited on July 2, 2018
Debenture holder Representative	: Bangkok Bank Public Company Limited
Debenture Registrar	: Bangkok Bank Public Company Limited

2. Guaranteed debenture of TISCO Tokyo Leasing Company Limited No. 1/2017 with maturity date in 2020

Type of Offering	: Private Placement
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,500,000 units
Outstanding	: 1,500,000 units
Tenor	: 3 years
Issuing Date	: July 27, 2017
Maturity Date	: July 27, 2020
Guarantor	: Century Tokyo Leasing Corporation
Coupon Rate	: 2.20% per annum started from issuance date
Payment Date	: On the 27 th of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: None
Issue Rating	: AAA from TRIS Rating Company Limited on July 2, 2018
Debenture holder Representative	: Bangkok Bank Public Company Limited
Debenture Registrar	: Bangkok Bank Public Company Limited

7.3.2 Bills of Exchange

The Company

As of December 31, 2018, TISCO had outstanding short-term bills totaling 5,840 million baht with coupon rate ranging from 1.68% – 1.82% and average of 47 days to maturity.

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

Type of Offering	:	Public Offering
Type of securities	:	Short-Term Bills of Exchange
		Type 1 : Non transferrable bill of exchange without interest payment, offering price at face value deducted market interest rate
		Type 2 : Non transferrable bill of exchange with fixed interest rate, offering price at face value and interest is paid upon maturity
		Type 3 : Transferrable bill of exchange (without recourse) without interest payment, offering price at face value deducted market interest rate
		Type 4 : Transferrable bill of exchange (without recourse) with fixed interest rate, offering price at face value and interest is paid upon maturity
Tenor	:	Up to 270 days from issuance date
Issue size	:	Up to 10,000 units
Face Value	:	Not less than 1,000,000 baht
Issuing Period	:	From April 2, 2018 to January 31, 2019
Offering price per unit	:	For Bill of Exchange Type I and III : offering price at face value deducted market interest rate
		For Bill of Exchange Type II and IV : offering price at face value and interest is paid upon maturity
Interest Rate	:	For Bill of Exchange Type I and III : No interest rate
		For Bill of Exchange Type II and IV : Fixed interest rate and paid upon maturity
Interest Payment Date	:	For Bill of Exchange Type I and III : No interest payment
		For Bill of Exchange Type II and IV : paid upon maturity as specified on the bill of exchange
Issuer Rating	:	A- from TRIS Rating Co., Ltd on April 25, 2018

Subsidiary Companies

As of December 31, 2018, TISCO Bank had outstanding bill of exchange, all in forms of bill of exchange, totaling 36.12 million baht with 2.50% coupon rate, all in forms of callable bill of exchange.

As of December 31, 2018, Hi-Way Co., Ltd. had outstanding short-term bill of exchange, all in forms of callable bill of exchange, totaling 2,075.00 million baht with interest rate of 2.00%.

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.

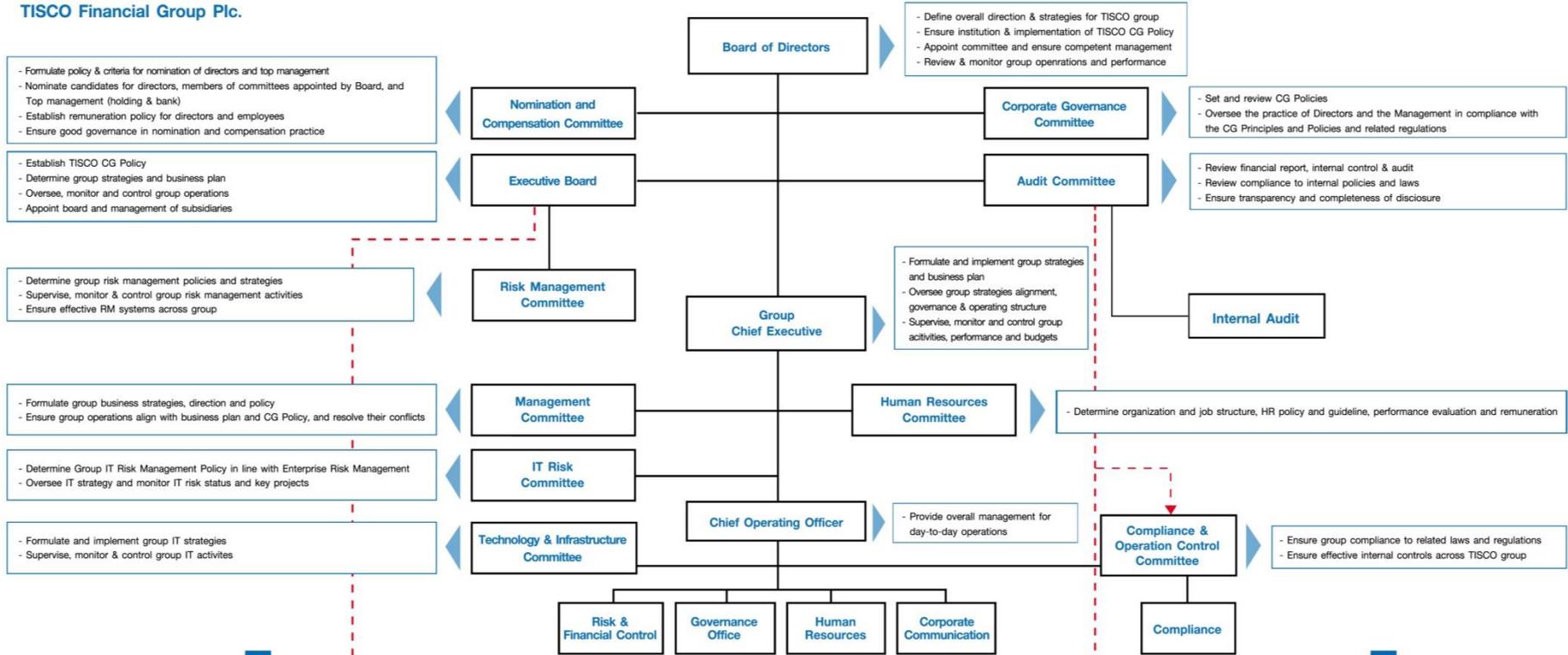
8. Management

8.1 Management Structure and Board of Directors

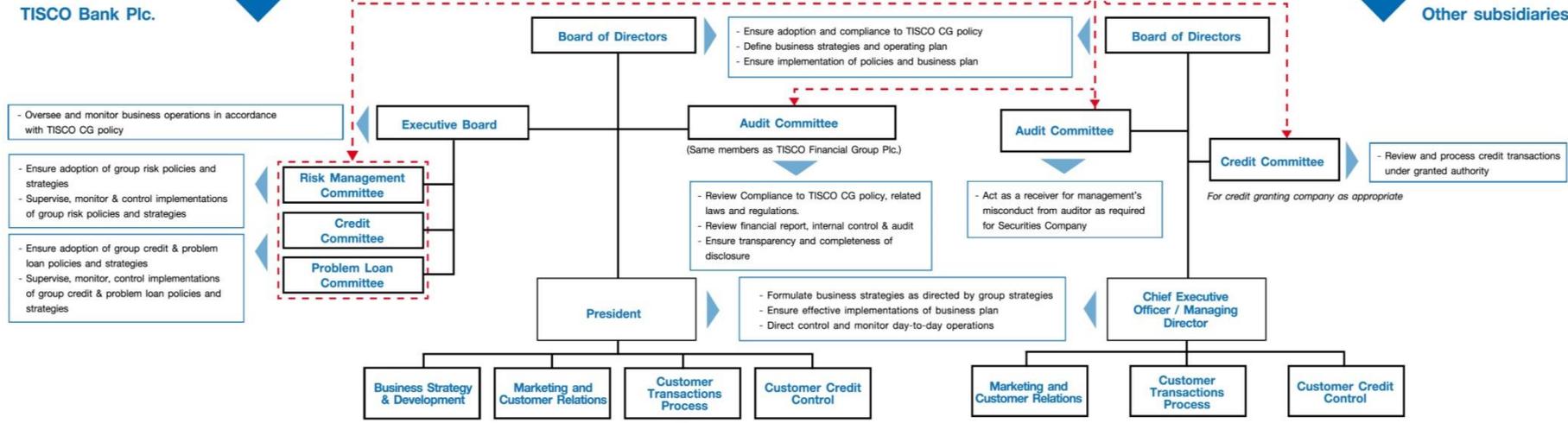
TISCO Financial Group Public Company Limited, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development, compliance and corporate support functions are centralized at the Company 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:

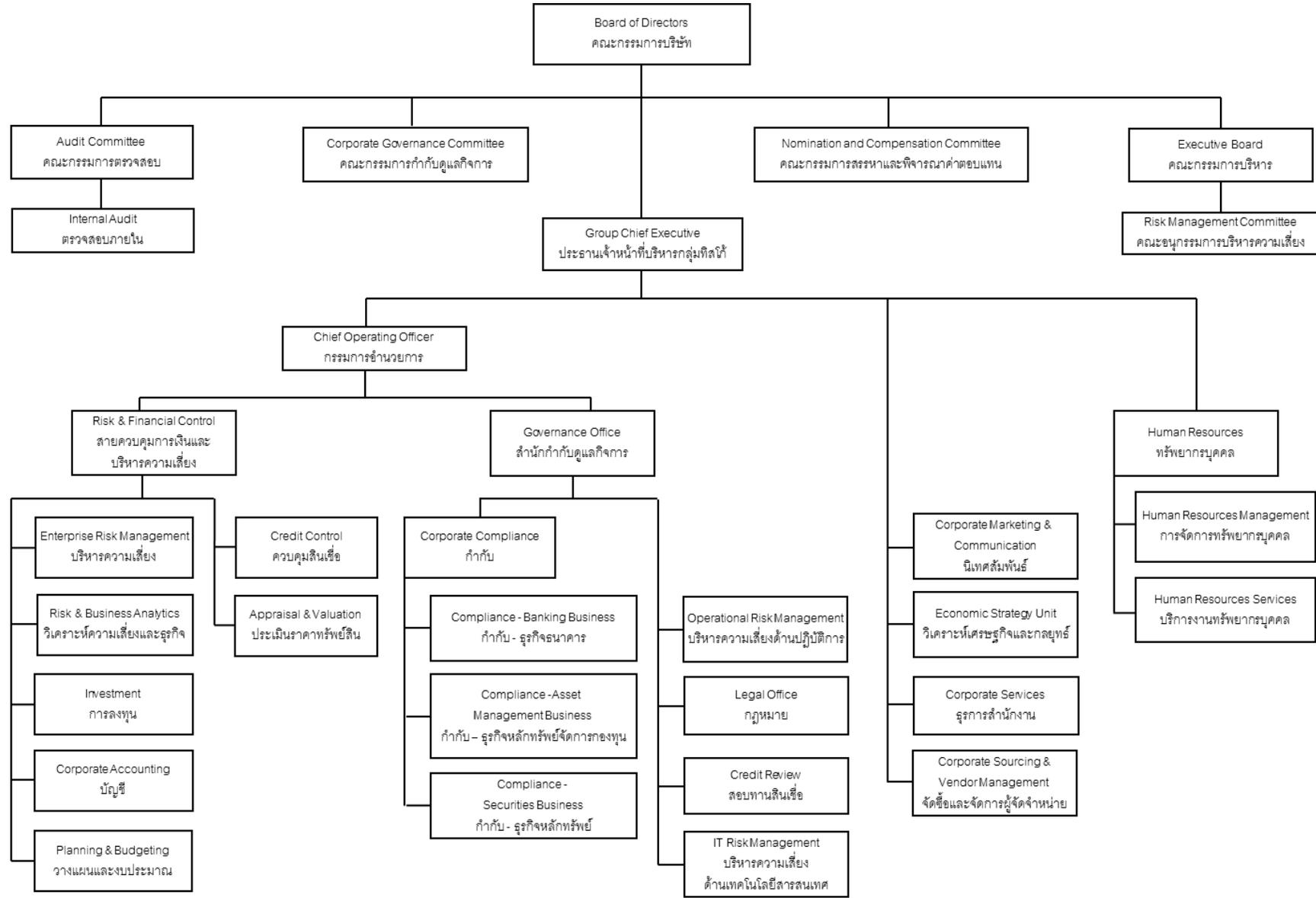
TISCO Financial Group Plc.



TISCO Bank Plc.



Management Structure of TISCO Financial Group Public Company Limited as of January 1, 2019



The Board structure is comprised of Board of Directors and 4 boards/committees were appointed by the Board of Directors: (1) Executive Board (2) Audit Committee, (3) Nomination and Compensation Committee, and (4) Corporate Governance Committee. In addition, 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, economics, law or any other fields deemed appropriate. According to the Company Certificate issued by Department of Business Development, Ministry of Commerce on November 14, 2018, the Board of Directors consisted of 11 directors, including 5 females and 6 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 January 1, 2019, the Board of Directors comprised the following directors:

- The six Independent Directors¹, 54.55% of the total number of directors, are Mr. Pliu Mangkornkanok, Assoc. Prof. Dr. Angkarat Priebjriwat, Prof. Dr. Pranee Tinakorn, Ms. Patareeya Benjapolchai, Ms. Panada Kanokwat, and Mr. Sathit Aungmanee
- The three Executive Directors², 27.27% of the total number of directors, are Ms. Oranuch Apisaksirikul, Mr. Chi-Hao Sun (Howard Sun), and Mr. Suthas Ruangmanamongkol
- The two Non-executive Directors, 18.18% of the total number of directors, are Mr. Hon Kit Shing (Alexander H. Shing) and Prof. Dr. Teerana Bhongmakapat

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

The Board of Directors members were appointed by the resolutions of the shareholders' meeting of the Year 2018. As of January 1, 2019, the Board of Directors comprised the following 11 directors

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. Ms. Oranuch Apisaksirikul	Executive Director and Chairperson of the Executive Board
4. Assoc. Prof. Dr. Angkarat Priebjrivat	Independent Director and Chairperson of the Audit Committee
5. Prof. Dr. Pranee Tinakorn	Independent Director and Chairperson of the Nomination and Compensation Committee
6. Ms. Patareeya Benjapolchai	Independent Director and Chairperson of the Corporate Governance Committee
7. Ms. Panada Kanokwat ^{1/2}	Independent Director, Member of Audit Committee and Member of the Corporate Governance Committee
8. Mr. Sathit Aungmanee	Independent Director, Member of the Audit Committee and Member of the Nomination and Compensation Committee
9. Prof. Dr. Teerana Bhongmakapat	Non-Executive Director and Member of the Corporate Governance Committee
10. Mr. Chi-Hao Sun (Howard Sun)	Executive Director and Member of the Executive Board
11. Mr. Suthas Ruangmanamongkol	Executive Director, Member of the Executive Board and Group Chief Executive

Remark: ^{1/1} Mr. Takashi Kurome was an Executive Director and a member of the Executive Board during January 1 to April 23, 2018.

^{1/2} Ms. Panada Kanokwat was appointed as a member of the Audit Committee by the Board of Directors, which effective April 24, 2018 in replacement of Ms. Patareeya Benjapolchai.

Authorized Signatory

Ms. Oranuch Apisaksirikul, the Chairperson of the Executive Board and one of the following executive directors namely Mr. Suthas Ruangmanamongkol or Mr. Chi-Hao Sun (Howard Sun), 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 8.1.6 and Attachment 1-2.

8.1.2 Executive Board

The Executive Board members were appointed by the Board of Directors. As of January 1, 2019, the Executive Board comprised the following four directors:

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

Authority and responsibilities of Executive Board:

1. Determine and propose group business strategy, merger & acquisition transactions, new business ventures, and new products involving high risk to TISCO Board for approval.
2. Review and oversee the TISCO Group business plan and budget, monitors performance and institutes TISCO Group's Centralized Policies on all important operational and control areas.
3. Approve credit with substantial amounts and/or transactions that involve high risks under TISCO Group's business framework.
4. Supervise subsidiary companies of transactions that involved high risk.

5. Act on behalf of TISCO as the major shareholder in appointment of the Board of Directors of all subsidiary companies, except TISCO Bank, TISCO Securities and TISCO Asset Management.
6. Ensure that managements of the company and subsidiary company refer material issues of the Group to Executive Board
7. 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. Oversee and monitor the significant compliance matters of TISCO Group.
10. Appraise annual performance of compliance function with involvement of TISCO Audit Committee to balance the power of management and promote good governance.
11. Concur annual compliance report of TISCO Group in order to ensure the Board's acknowledgement and accountability on compliance.
12. Ensure that all subcommittees appointed by Group CEO are established, composed and operated appropriately and professionally.

8.1.3 Audit Committee

The Audit Committee members were appointed by the Board of Directors. As of January 1, 2019, the Audit Committee comprised the following three independent directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson of the Audit Committee
2. Ms. Panada Kanokwat ¹	Member of the Audit Committee
3. Mr. Sathit Aungmanee	Member of the Audit Committee

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

¹ Ms. Panada Kanokwat was appointed as a member of the Audit Committee by the Board of Directors, which effective from April 24, 2018 in replacement of Ms. Patareeya Benjapolchai.

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.

8.1.4 Nomination and Compensation Committee

The Nomination and Compensation Committee members were appointed by the Board of Directors. As of January 1, 2019, the Nomination and Compensation Committee comprised the following three non-executive directors:

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

Authority and Responsibilities of Nomination and Compensation Committee:

1. Formulate policy, criteria, and method for nominating candidates for directors and Top Management of the Company and its subsidiary companies in TISCO Group to the Board for consideration and submit the policy to regulatory parties upon request.
2. Select and nominate names of qualified candidates to the Board of Directors of the Company and its subsidiary companies, which are directly supervised by financial and capital market regulators (TISCO Bank, TISCO Securities and TISCO Asset Management), for the following positions;
 - Directors
 - Members of committees whose functions, responsibilities and authorities are directly given by the Board of Directors
 - Top Management
 - Advisor(s) to the Board of Directors and/or committees whose functions, responsibilities and authorities are directly given by the Board of Directors
3. Ensure that size and composition of the Board of Directors of the companies in TISCO Group is appropriate for the organization and the business environment. The Board should comprise members who have diversified expertise and experience.
4. 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.

8.1.5 Corporate Governance Committee

The Corporate Governance Committee members were appointed by the Board of Directors. As of January 1, 2018, the Corporate Governance Committee comprised the following three non-executive directors:

Name	Position
1. Ms. Patareeya Benjapolchai	Chairperson of the Corporate Governance Committee
2. Prof. Dr. Teerana Bhongmakapat	Member of the Corporate Governance Committee
3. Ms. Panada Kanokwat	Member of the Corporate Governance Committee

Authority and Responsibilities of Corporate Governance Committee:

1. Formulate and review the structure, scope, and policy of TISCO Corporate Governance and Code of Conduct 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 meetings. 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. 5/2018 on October 26, 2018 approved the preliminary schedule of the Board of Directors Meetings and the Subcommittee Meetings for the Year 2019 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	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
No. 1/2019	Tuesday February 26, 2019	Thursday January 17, 2019	Friday January 11, 2019	Tuesday February 26, 2019	Thursday February 14, 2019
No. 2/2019	Tuesday April 30, 2019	Monday February 26, 2019	Monday February 11, 2019	Tuesday April 30, 2019	Friday July 12, 2019
No. 3/2019	Thursday June 20, 2019	Tuesday March 19, 2019	Friday March 8, 2019	Thursday June 20, 2019	Friday November 15, 2019
No. 4/2019	Tuesday August 27, 2019	Tuesday April 30, 2019	Wednesday April 5, 2019	Tuesday August 27, 2019	-
No. 5/2019	Friday October 25, 2019	Friday May 24, 2019	Monday May 10, 2019	Friday October 25, 2019	-
No. 6/2019	Monday December 16, 2019	Thursday June 20, 2019	Monday June 10, 2019	Monday December 16, 2019	-
No. 7/2019	-	Thursday July 18, 2019	Friday July 5, 2019	-	-
No. 8/2019	-	Tuesday August 27, 2019	Friday August 9, 2019	-	-
No. 9/2019	-	Thursday September 19, 2019	Friday September 6, 2019	-	-
No. 10/2019	-	Friday October 25, 2019	Friday October 4, 2019	-	-
No. 11/2019	-	Thursday November 21, 2019	Monday November 11, 2019	-	-
No. 12/2019	-	Monday December 16, 2019	Wednesday December 4, 2019	-	-

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 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 2018, there was one meeting among non-executive directors on June 22, 2018.

Details of Board of Directors meeting and subcommittee meeting attendance of TISCO Financial Group Public Company Limited's directors in 2018 are as follows:

Name	Time of Attendance				
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
No. of total meetings (times) (percentages)	7 (100.00)	12 (100.00)	12 (100.00)	6 (100.00)	4 (100.00)
1. Mr. Pliu Mangkornkanok	7 (100.00)	-	-	-	-
2. Mr. Hon Kit Shing (Alexander H. Shing)	6 (85.71)	-	-	6 (100.00)	-
3. Ms. Oranuch Apisaksirikul	7 (100.00)	12 (100.00)	-	-	-
4. Assoc. Prof. Dr. Angkarat Priebjrivat	7 (100.00)	-	12 (100.00)	-	-
5. Prof. Dr. Pranee Tinakorn	7 (100.00)	-	-	6 (100.00)	-
6. Ms. Patareeya Benjapolchai	7 (100.00)	-	4 (out of 4 times) (100.00)	-	4 (100.00)
7. Ms. Panada Kanokwat ¹	7 (100.00)	-	8 (out of 8 times) (100.00)	-	4 (100.00)
8. Mr. Sathit Aungmanee	7 (100.00)	-	12 (100.00)	6 (100.00)	-
9. Prof. Dr. Teerana Bhongmakapat	7 (100.00)	-	-	-	4 (100.00)
10. Mr. Takashi Kurome ²	0 (out of 1 time) (0.00)	1 (out of 3 times) (33.33)	-	-	-
11. Mr. Chi-Hao Sun (Howard Sun)	7 (100.00)	12 (100.00)	-	-	-
12. Mr. Suthas Ruangmanamongkol	7 (100.00)	12 (100.00)	-	-	-

Remark: ¹ Ms. Panada Kanokwat was appointed as a member of the Audit Committee by the Board of Directors, which effective from April 24, 2018 in replacement of Ms. Patareeya Benjapolchai.

² Mr. Takashi Kurome was an Executive Director and a member of the Executive Board during January 1 to April 23, 2018.

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

8.1.6.1 TISCO Bank's Board of Directors

TISCO Bank's Board of Directors was appointed by the resolutions of the shareholders' meeting of the Year 2018 and the Extraordinary General Meeting No. 1/2018. As of January 1, 2019, TISCO Bank's Board of Directors consisted of 9 directors as follows:

Name	Position
1. Mr. Pliu Mangkornkanok	Chairman and Independent Director
2. Ms. Oranuch Apisaksirikul	Director and Chairperson of the Executive Board
3. Assoc. Prof. Dr. Angkarat Priebjrivat	Independent Director and Chairperson of the Audit Committee
4. Ms. Panada Kanokwat ¹	Independent Director and Member of the Audit Committee
5. Mr. Sathit Aungmanee	Independent Director and Member of the Audit Committee
6. Mr. Charatpong Chotigavanich ²	Independent Director
7. Mr. Chi-Hao Sun (Howard Sun)	Director and Member of the Executive Board

Name	Position
8. Mr. Suthas Ruangmanamongkol	Director and Member of the Executive Board
9. Mr. Sakchai Peechapat	Director, Member of the Executive Board, and President

Remark: ¹ Ms. Patareeya Benjapolchai was an Independent Director, and Mr. Takashi Kurome was a Director during January 1 to April 23, 2018.
² Mr. Panada Kanokwat was appointed as an Independent Director by the Annual General Meeting of Shareholders for the Year 2018, which effective from April 23, 2018.
³ Mr. Charatpong Chotigavanich was appointed as an Independent Director by the Extraordinary General Meeting of Shareholders No. 1/2018, which effective from September 28, 2018.

Authorized Signatory

Ms. Oranuch Apisaksirikul, Chairperson of the Executive Board and one of the following executive directors namely Mr. Suthas Ruangmanamongkol, Mr. Sakchai Peechapat or Mr. Chi-Hao Sun (Howard Sun), 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 or subsidiary company.

8.1.6.2 TISCO Bank's Executive Board

The 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. As of January 1, 2019, the Executive Board comprised the following four directors:

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

Authority and Responsibilities of TISCO Bank's Executive Board:

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

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

8.1.6.3 Audit Committee

The Bank's Audit Committee was appointed the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. As of January 1, 2019, the Audit Committee comprised the following three independent directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson of the Audit Committee
2. Ms. Panada Kanokwat ^{/1}	Member of the Audit Committee
3. Mr. Sathit Aungmanee	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} Ms. Panada Kanokwat was appointed as a member of the Audit Committee by the Board of Directors, which effective from April 24, 2018 in replacement of Ms. Patareeya Benjapolchai.

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 2018 are as follows:

Name	Time of Attendance		
	Board of Directors	Executive Board	Audit Committee
No. of total meetings (times) (percentages)	6 (100.00)	12 (100.00)	12 (100.00)
1. Mr. Pliu Mangkornkanok	6 (100.00)	-	-
2. Ms. Oranuch Apisaksirikul	6 (100.00)	12 (100.00)	-
3. Assoc. Prof. Dr. Angkarat Priebjrivat	6 (100.00)	-	12 (100.00)
4. Ms. Patareeya Benjapolchai ^{/1}	1 (out of 1 time) (100.00)	-	4 (out of 4 times) (100.00)
5. Ms. Panada Kanokwat ^{/2}	5 (out of 5 times) (100.00)	-	8 (out of 8 times) (100.00)
6. Mr. Sathit Aungmanee	6 (100.00)	-	12 (100.00)
7. Mr. Charatpong Chotigavanich ^{/3}	2 (out of 2 times) (100.00)		
8. Mr. Chi-Hao Sun (Howard Sun)	6 (100.00)	12 (100.00)	-
9. Mr. Takashi Kurome ^{/1}	0 (out of 1 time) (0.00)	1 (out of 3 times) (33.33)	-
10. Mr. Suthas Ruangmanamongkol	6 (100.00)	12 (100.00)	-
11. Mr. Sakchai Peechapat	6 (100.00)	12 (100.00)	

Remark: ^{/1} Ms. Patareeya Benjapolchai was an Independent Director, and Mr. Takashi Kurome was a Director during January 1 to April 23, 2018.

^{/2} Ms. Panada Kanokwat was appointed as an Independent Director by the Annual General Meeting of Shareholders for the Year 2018, which effective from April 23, 2018.

^{/3} Mr. Charatpong Chotigavanich was appointed as an Independent Director by the Extraordinary General Meeting of Shareholders No. 1/2018, which effective from September 28, 2018.

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 January 1, 2019, 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 and 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 Chief Executive Officer, Deutsche TISCO Investment Advisory 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

Remark: ¹ Ms. Yutiga Sonthayanavin retired from First Executive Vice President - Information Technology on December 31, 2018.

Authority and Responsibilities of Management Committee:

1. To consider and formulate TISCO Group business strategy, financial goals, business plan including annual budget. The strategy, goals and plan must be balanced among short, medium and long term to maximize long term shareholders' value.
2. To review and ensure that TISCO Group's operations are in accordance with its strategies and business plan, the overall business and financial performance meet TISCO's corporate KPI and all are in compliance with Corporate Governance Policy and related regulations.
3. To discuss and make decisions on Group's business direction and policy, diversification of business platforms, synergy of cross-over businesses functions, efficiency and control issues among high-impact business and operations areas, group human resource management policies and capital expenditure policies.

4. To serve as a forum for heads of business and control functions to lodge and discuss on certain conflict and disagreement arising from operations and/or management issues, which cannot be resolved within the organization's normal chain of command.

Authority and Responsibilities of the Group Chief Executive:

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

Authority and Responsibilities of Chief Operating Officer:

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

As of January 1, 2019, the Company's management comprised the following 38 persons, the first to thirteenth persons are management and the nineteenth is a member of management as defined by the Securities and Exchange Commission which shown in page 8-21.

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 Nalinthrangkurn	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. Mr. Theeranat Rujimethapass	Assistant Executive Vice President
15. Ms. Rachada Pruksanubal	Assistant Executive Vice President
16. Ms. Wanthana Chotchaisathit	Assistant Executive Vice President – Information Technology
17. Mr. Nipon Wongchotiwat	Head of Enterprise Risk Management
18. Mr. Puvarin Kullaphatkanon	Head of Risk and Business Analytics
19. Ms. Chutintorn Vigasi ^{/1}	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	Acting Head of Credit Review and Assistant Head of Internal Audit
31. Mr. Ekarat Pongkitvanitchkul	Head of IT Risk Management
32. Ms. Nartrudee Siwabut	Head of Corporate Communication
33. Mr. Komsorn Prakobphol	Head of Economic Strategy Unit
34. Mr. Somchat Lapapong	Head of Corporate Services
35. Ms. Aree Archamongkol	Head of Corporate Sourcing & Vendor Management
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

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

8.2.1 Management of TISCO Bank

As of January 1, 2019, the Management of TISCO Bank comprised of 44 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 8-21. Members are in the following:

Name	Position
1. Mr. Sakchai Peechapat ^{/1}	President
2. Mr. Pitada Vatcharasiritham ^{/1}	Senior Executive Vice President - Corporate Banking
3. Mr. Chalit Silpsrikul ^{/1}	Senior Executive Vice President - Retail Banking
4. Mr. Metha Pingsuthiwong ^{/1}	Senior Executive Vice President - Wealth Management & Banking Services
5. Mr. Rungroj Jarasvijitkul ^{/1}	Executive Vice President - Retail Banking - Sales & Marketing 1
6. Mr. Yuttpong Sriwongjanya ^{/1}	Executive Vice President - Retail Banking - Sales & Marketing 2
7. Mr. Dejphinun Suthadsanasoung ^{/1}	Executive Vice President - Retail Banking-Operations
8. Mr. Picha Ratanatam ^{/1}	Executive Vice President - Wealth Management
9. Ms. Rachada Pruksanubal	Head of Banking Services, Acting Head of Treasury and Acting Head of Fund Operation
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
16. Mr. Noppadol Chumwong	Head of Hire Purchase
17. Ms. Parichat Suthatsanasuang	Head of Hire Purchase - Captive
18. Mr. Teerayuth Prasertrattanadacho	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. Mr. Thawan Wichitwatee	Head of Branch Channel 3
22. Ms. Wipa Mettaviharee	Head of All Finance & Direct Sales
23. Ms. Penthip Laobooncharoen	Head of Retail & SME Credit
24. Mr. Worapan Luanguthai	Head of Retail Collection
25. Mr. Worapoth Tirakaroon	Head of Retail Service & Support
26. Mr. Sukit Sakulwongyai	Head of Retail Follow-up & Legal
27. Mr. Nattanan Ananpreeyavit	Head of Contact Center
28. Mr. Konchai Udomsrisk	Head of Retail Solution Development
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. Mrs. Duangporn Yiemwanichnun	Head of Private Banking
33. ML. Waraporn Worawarn	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 Laotaweesap	Head of Wealth Advisory

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

Name	Position
38. Ms. Chutima Panlaising	Head of Custodian Service
39. Mrs. Suwantee Khaolaorr	Head of Cash Management
40. Mr. Kittichai Tonnajarn	Head of Counter Services
41. Mr. Worawit Rungsiriopas	Head of Processing & Settlement
42. Mrs. Kusumar Pratomsrimek	Head of Bancassurance and Acting Head of Telemarketing Channel
43. Mr. Noppawat Tangburanakij	Head of Digital Banking Business
44. Mr. Tula Rodsalub	Head of Digital & Business Innovation

Remark: ^{1/1} Management as defined by the Securities and Exchange Commission and Management of TISCO Financial Group Public Company Limited, the Parent Company of TISCO Group, seconded to manage the Bank

^{1/2} 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 8-23 and 8-24.

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 committee, for example) should be paid appropriately. The remuneration to be paid to such director or directors will be approved by the board. Remuneration for 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 2018, the annual directors' remuneration in the form of reward, monthly fee, meeting fee and bonus at the amount of not greater than 3,300,000 baht for the Chairman of the Board and not greater than 950,000 baht for each Board member, to be valid until amended. There is no policy to contribute annual bonus to director.

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. 2/2018 on April 24, 2018 approved new 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		
Chairperson	-	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		
Chairperson	-	60,000
Member	-	50,000

Total of Board of Directors' remuneration of TISCO Financial Group Public Company for the Year 2018

(Unit: Baht)

Name	Monthly Fee	Meeting Fee					Total
		Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee	
1. Mr. Pliu Mangkornkanok	2,720,000	360,000	-	-	-	-	3,080,000
2. Mr. Hon Kit Shing (Alexander H. Shing)	600,000	250,000	-	-	290,000	-	1,140,000
3. Ms. Oranuch Apisaksirikul	600,000	-	-	-	-	-	600,000
4. Assoc. Prof. Dr. Angkarat Priebjrivat	600,000	300,000	-	720,000	-	-	1,620,000
5. Prof. Dr. Pranee Tinakorn	600,000	300,000	-	-	360,000	-	1,260,000
6. Ms. Patareeya Benjapolchai	600,000	300,000	-	160,000	-	240,000	1,300,000
7. Ms. Panada Kanokwat ^{1/1}	600,000	300,000	-	400,000	-	190,000	1,490,000
8. Mr. Sathit Aungmanee	600,000	300,000	-	560,000	290,000	-	1,750,000
9. Prof. Dr. Teerana Bhongmakapat	600,000	300,000	-	-	-	190,000	1,090,000
10. Mr. Takashi Kurome ^{1/2}	200,000	-	40,000	-	-	-	240,000
11. Mr. Chi-Hao Sun (Howard Sun)	600,000	300,000	570,000	-	-	-	1,470,000
12. Mr. Suthas Ruangmanamongkol	600,000	-	-	-	-	-	600,000
13. Ms. Krisna Theravuth ^{1/3}	480,000	-	-	-	-	-	480,000
Total	9,040,000	2,860,000	610,000	1,840,000	940,000	620,000	16,470,000

Remark: ^{1/1} Ms. Panada Kanokwat was appointed as a member of the Audit Committee by the Board of Directors, which effective from April 24, 2018 in replacement of Ms. Patareeya Benjapolchai.

^{1/2} Mr. Takashi Kurome was a director of TISCO Financial Group Public Company Limited during January 1 to April 23, 2018.

^{1/3} Ms. Krisna Theravuthi was appointed to be Advisor to TISCO's Board of Directors, with monthly remuneration of Baht 40,000.

In 2018, total remuneration for the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee (13 members) was Baht 15,990,000, Advisor to the Board of Directors (1 member) was Baht 480,000, the total amount was Baht 16,470,000, additionally, the Management (39 persons ^{1/1}) was Baht 404,452,271.67, the total amount was Baht 420,922,271.67. 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 2018, 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 2018

Name	Monthly Fee	Meeting Fee			Total
		Board of Directors	Executive Board	Audit Committee	
1. Mr. Charatpong Chotigavanich ^{1/1}	200,000	100,000	-	-	300,000
Total	200,000	100,000	-	-	300,000

Remark: ^{1/1} Mr. Charatpong Chotigavanich was appointed as an independent director of TISCO Bank Public Company Limited by the Extraordinary General Meeting of Shareholders No. 1/2018, which effective September 28, 2018.

In 2018, TISCO Bank, the core company of TISCO Group, paid remuneration to one (1) director at Baht 300,000 and 34 ^{1/2} Managements (excluding 8 persons which are the Parent Company's management and seconded to manage TISCO Bank), was Baht 173,566,493.08. 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 with full support of related expenses incurred including vehicle checkup, maintenance, annual registration, and auto insurance
2. Group Life and Accident Insurance with maximum summed insure of 6,000,000 Baht. The Company provides Health Insurance with maximum summed insure of 5,000,000 Baht instead 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, 2018, the total number of employees at TISCO Group was 4,823 (excluding senior management) of which 4,305 were permanent employees and 518 contract staff.

Major Function	As of	
	December 31, 2017	December 31, 2018
1. Retail Banking	2,816	3,035
2. Corporate Banking	54	52
3. Wealth & Asset Management	1,067	1,066
4. Corporate Affairs & CSR	642	668
Total	4,579	4,821

At the end of 2018, the number of employees of TISCO Group increased by 244 staff (5.3% YoY). Meanwhile, TISCO Group's total employee remuneration in the form of salaries, bonuses, and provident fund contributions was 4,240,525,604 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

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 16 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 TISSCO 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.

In addition, TISCO Group was honored by the experts of the Greenhouse Gas Management Organization. (Public Organization) or TGO to educate management and employees to be aware of the greenhouse gas problems that affect the climate change, economy and society as well as understanding about the relevance to the operations of financial institutions that contribute to greenhouse gas, both direct and indirect, to enhance awareness of environmental conservation and collaborate to reduce the current and potential environmental impacts.

From the statistics report on injury, occupational diseases and death due to the work in 2018, there were no employees who died from work. However, there were 73 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	4	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	1	-	4	-
Occupational Diseases					
• Noise-induced hearing loss	Head Office	9	-	-	-
	Bangkok Metropolitan Region	9	6	-	-
	Provincial	-	-	-	-
• Musculoskeletal strain	Head Office	2	1	-	-
	Bangkok Metropolitan Region	-	2	-	2
	Provincial	1	-	-	-
• Vision	Head Office	31	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-
• Pulmonary function	Head Office	7	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-
Fatalities					
• Work-Related Fatalities	Head Office	-	-	-	-
	Bangkok Metropolitan Region	-	-	-	-
	Provincial	-	-	-	-

Details of Occupational Safety and Health

Data	Unit	January - December 2018					
		Male	Female	Head Office	Bangkok Metropolitan Region	Provincial	TISCO Group
Injury Rate: IR	Number of employee per 200,000 working hours	0.07	0.04	0.00	0.21	0.11	0.05
Lost Time Injury Rate: LTIR	Number of employee per 200,000 working hours	0.07	0.00	0.00	0.00	0.11	0.02
Lost Day Injury Rate: LDIR	Number of lost day per 200,000 working hours	0.28	0.00	0.00	0.00	0.43	0.10
Occupational Disease Rate: ODR	Number of employee per 200,000 working hours	4.02	0.38	1.90	3.51	0.11	1.68
Absentee Rate: AR	Percent	1.06	1.28	1.44	0.79	0.74	1.20
Number of sick leave	Day	4,862	10,391	11,859	1173	2,221	15,253
Total of sick leave days unrelated to work	Day x 7.30 working hours	35,493	75,854	86,571	8,563	16,213	111,347

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 2018. 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 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.

1.6 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.

1.7 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.

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 to be open and adaptive to changes in society.

4. 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.

5. 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 2018 indicates that TISCO employees are able to reflect TISCO values outstandingly at average score of 8.08 out of 10. "Integrity 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 8.40 out of 10.

6. Learning Management System and e-Learning

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

7. 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.

In addition, TISCO has more 392 training programs.

Development Program		
Development programs to support business & marketing plans <ul style="list-style-type: none"> • The Teller academy • Wealth Academy for Wealth Relationship Managers • Hire Purchase Marketing Development Program • Hire Purchase Manager Program • Branch Manager Program • All-Finance Program • Customer Service Program • Somwang Onboarding Program • Somwang District Manager Program • Refresh Investment Planning Program 	TISCO Leadership Development Program <ul style="list-style-type: none"> • Mid-level Executive Program • Entry-level Executive Program • Executive Trainee Development Program 	Competencies Development Program <p>Provide learning roadmap in accordance with each business function</p>
	TISCO Values cultivation program	Knowledge Management <p>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</p>
	Learning Management System and e-Learning	

Training Program	2016	2017	2018
Total training hours (Hour/Staff/Year)	22.30	21.55	33.34
Breakdown by Sex (Hour/Staff/Year)			
Male	18.44	20.83	31.59
Female	24.66	21.97	34.32
Breakdown by Position (Hour/Staff/Year)			
Executive ⁽¹⁾	94.81	31.10	50.98
Non-executive ⁽²⁾	20.33	21.30	32.89
Breakdown by Business Pillar (Hour/Staff/Year)			
Retail Banking	16.20	17.23	28.72
Corporate Banking	14.99	13.47	17.20
Wealth and Asset Management	39.95	31.80	47.82
Corporate Affairs & CSR	20.44	24.06	32.50

9. Corporate Governance

9.1 Corporate Governance Policy

TISCO Group is dedicated to providing competitive and innovative financial solutions that ensure complete customer satisfaction. Our commitment to the highest ethical standards and good corporate governance is the result of our belief that a truly successful business is one that conducts itself as a good corporate citizen of the society in which it operates. This can only be achieved by ensuring that the rights and interests of all stakeholders, which includes shareholders, employees, customers, business partners and creditors, competitors, society and the environment, are fully protected with maximum accountability, transparency, equitable treatment, adequate disclosure, and secured keeping of customers' information not only apply with TISCO but also subsidiaries, directors, management, and subsidiaries' employees.

Apart from aligning with the 2012 Corporate Governance Code for Listed Company by the Stock Exchange of Thailand, TISCO Group, in 2018, reviewed Corporate Governance Policy based on the 2017 Corporate Governance Code for listed companies by the Securities and Exchange Commission, Banking Industry Code of Conduct by the Thai Bankers' Association, Corporate Governance of Financial Institutions by the Bank of Thailand which was considered and proposed to the Board of Directors for approval by the Corporate Governance Committee on June 22 and December 11, 2018 to accomplish Group's business and social sustainability objective, maximize the shareholders' value and benefits for all stakeholders, as well as a practices for directors, management and TISCO Group employees to operate business in accordance with related laws, regulations, policy and code of conduct.

TISCO Corporate Governance Policy covers composition, roles and responsibility demonstrated in Corporate Governance Structure, Corporate Governance Practices, Governance Structure, Corporate Compliance Roles and Responsibilities, and Centralized Policies for in order to ensure that the Company and its subsidiaries strictly and regularly comply with the Group's Corporate Governance Policy among directors, management, and employees 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 launched the compulsory Compliance and Human Resource Policy Test annually through the TISCO Intranet system. The test results will be evaluated to determine the level of understanding so that appropriate communication methods will be carried out to enhance the staff's awareness of their roles and responsibilities in good corporate governance. Employees taking the test will be able to learn instantly from the provided answers to all questions. The Company has 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 Indicator. All new staff employed during the year is required to complete the test in addition to attending the orientation. The result of the test will be considered as part of their evaluation.

The past year has truly been remarkable, TISCO has been recognized as 1 of 11 Thai listed companies of **Top 50 ASEAN CG Scorecard** conducted by ASEAN Capital Markets Forum in cooperation with the Securities and Exchange Commissions of ASEAN region in which its purpose is to improve the international corporate governance standard for publicly-listed ASEAN companies. Publicly disclosed documents were brought into consideration alongside with the OECD Principles and TISCO was qualified for Validation Process from outside independent assessor. In addition, TISCO received the Excellent Corporate Governance Report evaluated by the Thai Institute of Directors (IOD) 11 consecutive years considering from information disclosed through the Stock Exchange of Thailand's information dissemination channel and other Company's public documents. Also, TISCO as the listed company has passed 2018 AGM Checklist evaluated by with full 100 scores for four consecutive years by Thai Investor association in collaboration with the Thai Listed Companies Association and the Securities and Exchange Commission, the evaluation was out of 657 companies. The Company has proposed the assessment result to the Corporate

Governance Committee, which further reported to the Board of Directors to review IOD's recommendations to continuously develop and improve corporate governance of TISCO Group.

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

1. Rights and Equitable Treatment of Shareholders

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

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

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

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

With regard to shareholder meetings, in addition to the annual general meeting which must be convened within four months of the date ending the accounting period, the Board of Directors may summon an extra-ordinary meeting at such date, time and place as determined by the Board. Any shareholders holding an aggregate number of shares not less than ten percent of the total number of shares sold, may request in writing to the Board of Directors to convene an extra-ordinary meeting of shareholders. The requisition must specify the subject and reasons for which the meeting is required to be summoned. Pursuant to such requisition, the Board of Directors must summon such meeting within forty-five days after the requisition is received.

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

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

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

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

For the 2018 Annual General Meeting, TISCO invited shareholders to propose agenda and qualified candidates for director positions in advance, from September 1 to December 31, 2017. Before mailing out the Notice, the Company posted on the Company's website to inform shareholders their rights to propose additional agenda in the annual general meeting together with related procedures, deadline for the proposal of agenda so that the Board of Directors shall consider include or not include the agenda in the Notice, and methods of proposing qualified candidates for director position to the Nomination and Compensation Committee for further recommend to the Board of Directors and propose to the shareholders at the annual general meeting. In this regard, upon the posting of information, the Company also disclosed through the Stock Exchange of Thailand's information dissemination channel and company's website. No shareholders had proposed any more agenda and qualified names for director positions in the Annual General Meeting when arrived at the stated date,

- Notification of Meeting Details and Materials

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

For the 2018 Annual General Meeting, TISCO disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 26, 2018 and disclosed Notice of the shareholder meeting in both Thai and English languages through the Stock Exchange of Thailand's information dissemination channel and its website since March 20, 2018 and sent Notice of the shareholder meeting and the meeting materials to shareholders since March 30, 2018 which was 34 and 24 days before the date of shareholders meeting, respectively, in conformance with the 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 shareholders' or proxies' documents according to the requirements stated in the notice. Moreover, TISCO allowed enough time for any shareholder to register to attend the meeting in advance of the meeting time. TISCO utilized a computer and barcode system for registration and printing of voting forms for each agenda item to facilitate shareholder participation, and to ensure prompt and accurate registration, and for vote counting procedure. In addition, shareholders are also able to register to attend and exercise their voting rights on the agenda that they have not cast the vote in advance after the meeting's commencement. For shareholders unable to attend the meeting and would like to appoint a proxy, TISCO proposes more than one independent directors by presenting director profiles for the shareholders' selection, in addition to management, director or any other person attending the meeting on their behalf. TISCO has also attached Proxy Forms, which allows shareholders to specify their voting decision, with the notice. Moreover shareholders could cast their votes in advance on the Voting Form which had been sent out together with notice of shareholders' meeting. The shareholders can download other types of proxy forms and Voting Form from the Company's website.

For the 2018 Annual General Meeting, the Company proposed four independent directors, Chairman of the Board of Directors, Chairperson of the Audit Committee and Chairperson of the Nomination and Compensation Committee, Chairperson of Corporate Governance Committee including their profiles for shareholders to appoint as proxy. Proxy Form B which allows shareholders to indicate their voting directions was also enclosed in the Notice. In addition, shareholders can download other Proxy Forms from the Company's website.

- Shareholders' opportunity for query and comment

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

For the 2018 Annual General Meeting, 11 directors out of 12 members (Approximately, 91.6667 per cent), TISCO Management Committee members, and the auditors attended the meeting. In addition, representatives from the Bank of Thailand were also observed the meeting.

- Conduct of the meeting and voting

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

For the 2018 Annual General Meeting, the meeting was conducted according to the Company's Articles of Association with no additional agenda, no changes to the agenda order, or no changes in important information without prior notification to shareholders. In addition, the Company assigned DIA Audit Company Limited to ensure that the meeting was conducted with clear and transparency and in accordance with laws and the Company's Articles of Association. There were representatives of DIA Audit Company Limited to observe in the registration and vote counting throughout the meeting.

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

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

the shareholders' meeting to be available on CD. Shareholders who are interested may request a copy of the DVD from Investor Relations.

For the 2018 Annual General Meeting held on April 23, 2018, the Company notified the shareholders' meeting resolutions through the SET's information dissemination channel within the same day of the meeting and disclosed the minutes of the meetings on May 7, 2018, in compliance with the above mentioned timeframe.

Regarding measures taken to prevent conflict of interest, the Company has set the code of conduct for employees to ensure that employees comply with stipulated laws and regulations, conduct their duties with integrity, consider the Company's interests above their own, and refrain from exploiting inside information for their own benefit. Directors, Top Management or top 4 management whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must firstly file with the Company a report on his/her interest or related person's interest in relation to management of the Company upon the appointment and within 3 working days from the date of the change. In addition TISCO has set out rules regarding securities trading by employees, stating that all employees must open trading accounts only with its subsidiary, TISCO Securities Company Limited. Also, employees are required to seek approval from their supervisors and the Compliance Unit before executing trades. Moreover, it also prohibits Management Committee and insiders from trading TISCO's shares 7 days prior to the last working day of the month until 2 days after the financial statements or the summary statements of assets and liabilities of TISCO are published.

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

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

TISCO Group has placed great emphasis on managing its business operations effectively under good governance guidelines. TISCO Group has no policy to encourage transactions between related parties or any other transactions that may result in a conflict of interest. Should any such transactions occur, they must be considered thoroughly by the Audit Committee. The Audit Committee shall report and/or propose to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same 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 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 the rights and equitable treatment shareholders received from TISCO, they indirectly gain from the trust created by the fair treatment TISCO has given to other stakeholders. Such mutual trust in turn promotes co-operation between TISCO and its counterparts and is believed to be the key

factor in maximizing the shareholders' long term wealth, and providing TISCO with financial stability and sustainability.

2. 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 standard of education and professional training, and 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 to customers by providing professional and practical solution which is beneficial and worthwhile for customers in accordance with the highest standard and code of conduct without accepting any bribe or giving any form of benefit in an improper manner.

4. Business Partners and Creditors

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

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 such as cartel, monopoly, or criticizing other banks.

6. Social and Environment

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

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

Whistleblowing Policy

With an aim to present the organizational commitment in undertaking businesses with transparency and fairness to all groups of stakeholders, TISCO Group formulated Whistleblowing Policy which approved by the Board of Directors. The stipulations given therein such policy includes the Process for Accepting and Handling the Report of Improper Activities and the Reporting Channels available both for 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 the management instances of unethical behavior, actual or suspected, fraud, wrongdoing, malpractice or violation of the laws and regulations including but not limited to any misconduct.

TISCO Group provides avenues to all stakeholders to raise their concerns, complain or report any improper activities or any misconduct including but not limited to infringement of Business Code of Ethics.

Complaints or reports of improper activities could be filed by sending the letter to 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 channel is publicized thorough the corporate website of the Company.

With respect to the available reporting channel for employees, TISCO Group provides channels for employees to complain or raise their concerns whenever notify improper activities deemed to be misconduct through HR Help Line of which been thoroughly communicated via organizational intranet. The process for dealing with complaints from employees through HR Help Line includes the consideration and investigation process whether the complaint concerns a wrongful act. Any actions, which revealed the wrongdoing, unethical behavior, violation of Code of Conduct of any employees will be processed according to disciplinary guidelines.

TISCO has determined a measure to protect the rights of information providers, provided necessary safeguards for protection of employees from reprisals or victimization. In 2018, no significant complaint on ethical issue was noted.

Complaint Channels

Channel 1 Inform the complaint at TISCO Bank's Head Office or branches through officers or filling the form and submit to officers.

Channel 2 Send a letter to the address below:

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 the complaint to 0 2633 6800

Channel 4 Post your complaint on TISCO's website

Channel 5 TISCO HR Help Line for employee

3. Disclosure and Transparency

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

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

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

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

The Company assigned its Corporate Secretariat Office and Investor Relations Function to represent the Company in communications with shareholders, investors, analysts, credit rating agencies and related regulatory bodies. The Company's information is publicly disseminated for easy access to interested parties through various channels, including reports submitted to the SET, the SEC, and the Company's website under the topic of "Investor Relations". Furthermore, TISCO has set up numerous activities to portray or update the Company's information as well as to provide responses to inquiries from investors such as Quarterly Analyst Meetings, Press Conferences, One-on-One meetings and Meetings with investors, both local and international. The mentioned activities are also participated by senior management. In this respect, the activities arranged in 2018 were as follows;

1. 4 Quarterly Analyst Meetings with approximately 60 persons attended each meeting
2. 2 Press Conferences with approximately 30 media representatives attended each conference
3. 2 SET Opportunity Days, arranged by the Stock Exchange of Thailand, with approximately 40 analysts and investors attended the meeting
4. 37 Company Visits and 13 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, and Malaysia. The details are as follows;
 - 5.1 13 Investor Conferences; comprising 8 local conferences and 5 international conferences, covering 128 investors attended

For more information, please contact Investor Relations at:

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

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

4. Responsibilities of the Board

The Board of Directors is appointed by the shareholders to take overall responsibility for TISCO. These include directing, approving, and overseeing the implementation of, the group strategy, corporate governance and corporate values. The Board is responsible for selection of a qualified Group CEO and key senior management including oversight of the succession plan. It is also responsible for oversight of the Group CEO and senior management, and bears ultimate responsibilities for TISCO's business, risk strategy, and financial soundness as well as how TISCO organizes and governs itself. *(See Roles and Responsibilities of the director positions mentioned above in Part 8 Management Structure)*

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

4.1 Board Structure

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

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

Recognizing the crucial of their roles and to be in compliance with the Bank of Thailand regulations, directors, managers and person with controlling power are allowed to assume the position of Chairman, executive director, or director with signatory authority in no more than 3 listed companies and holding the director position, management, authorized person or advisor whose possesses director duties within 5 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.

In achieving transparency and the proper balance of power, the Chairman of the Board shall be independent director and/or non-executive director. 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. And the Chairperson of the Audit Committee must not be Chairman of the Board, Nomination and Compensation Committee and Risk Oversight Committee. Moreover, the Board also clearly separates its roles and responsibilities from those of management to ensure a proper balance of power with the aim of 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 Audit Committee, the Nomination and Compensation Committee, and Corporate Governance Committee. Each committee will have a proper structure as well as guidelines for composition and selection criteria. It will also have its own written charter that sets out its mandate, operating policies and guidelines.

TISCO assigns the responsibility of Corporate Secretary to take care of the Board's activities, monitoring compliance to the Board's resolution, handling Board Meeting and shareholders' meeting on matters concerning notice, minutes, including other duties as required by related laws and regulations of the governing authorities.

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

The Board of Directors contributes to two roles; operation role and corporate governance role prioritizing the company's strategy including monitoring and controlling company's operation to ensure key policies are sufficiently and effectively carried out and in accordance with the applicable laws and regulations for ultimate ethical standard.

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

The Board should oversee 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 that management adheres to and that 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 that are consistent with the institution's long-term and short-term strategic plans performance policy 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 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 in 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 in all of the above levels.

TISCO emphasizes effective operation under good Corporate Governance, related party transaction or transaction(s) that may cause conflict of interest are commonly unsupported across TISCO Group. The Audit Committee shall thoroughly review and report and/or propose the said transaction(s) to the Board for approval, as the case may be. TISCO will consider the mentioned transactions as normal business transactions, those who may be within the scope of conflict of interest shall be disqualified for approving the transactions.

(2) Corporate governance role – The Board's 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, the Board is responsible for monitoring the company's operations. The Board must be continually aware of the institution's operating environment. Directors are to be well informed of internal and external factors affecting the institution, including business environments, legal and regulatory frameworks. Directors should also be aware of the potential liabilities imposed on them by law or regulation and ensure that TISCO Group has appropriate policies and procedures in place to maintain compliance with them. Directors should also be aware and keep themselves updated on local, regional, national, and international financial trends and any statutory and regulatory changes affecting TISCO Group.

Reports that the management presented the Board should be briefed on the status and operating results such as financial information, loan risk management, liquidity, market trends, investment, assets and debts, and legal and regulatory compliance which are vital instruments for the Board to oversee the company's operation. The Board shall review those reports and information with due care and loyalty in order to be aware of overall signals such as regression of operating results, increasing risks, management's abuse of power, internal control issues, breach of laws and regulations as far as other matters affecting reliability and accuracy of reports.

The Board should be regularly provided with the management reports and briefed on the business environment, market trends, industry benchmarks, regulatory changes and macro-economic indicators. The management should promptly alert the Board to any competitive threats, business opportunities, and changes within the industry, political procedures that may impact the institution or information, which would assist the Board in strategic planning, setting policy, or monitoring operations or business performance. The Board may also have 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, monitor 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 company's risk management strategies that are ultimately implemented by senior management

TISCO Group needs to comply with a large number of regulatory requirements, including various reporting obligations. It is the responsibility of the Board to establish and maintain rigorous internal controls to ensure that 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 have to demonstrate consistently through their actions

and behavior that they have a strong commitment to implement an effective compliance control throughout the institution.

4.2 Board Performance Self-assessment

In order to improve its performance, the Board of Directors has formulated self-assessment process every once a year to assess Board performance and resolve any issues they may have as a whole and on an individual director level based on self-evaluation against a benchmark systematically 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 assess the appropriateness of the Board's composition and Board performance according to corporate governance best practices. The Board of Directors shall analyze the assessment results, recommendations and remarks from Board members and consider applying according to the Company's business environment and operations.

In 2018, the Nomination and Compensation Committee provided the self-assessment divided into 2 forms: whole and individual self-assessment and cross-assessment which approved by the Board of Directors.

The Director's Individual Cross-Evaluation will randomly pair directors' names for evaluation, the Corporate Secretary sent out the following assessments:

1. The Board of Director Performance Self-assessment as a whole comparing between acting in compliance with best practices and efficiency-based 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 then 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 contributing Board's efficiency in the Board of Directors' Meeting No. 1/2019 held on February 26, 2019.

The result of the Year 2018 was found that the Board Performance, Board Structure, Board Members, Board Policy, Board Performance and Board Meetings were up to best practice standard. As for the efficiency, almost all of board members rated "Excellent" or "Satisfactory" for effective rating in all 6 areas of assessment.

As for the Self-Assessment and Cross-Assessment, the "Excellent" or "Satisfactory" was rated over the topics of knowledge and experiences of board member and useful comment during the meeting for further improvement.

In 2018, the Board of Directors also formulated the performance self-assessment process for all sub-committees namely, the Executive Board, the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee, which has been conducted on an annual basis and the results of self-assessments have already been presented to the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, and the 2018 Performance Self-assessments of each committee are disclosed as the committees' report in Annual Registration Statements (Form 56-1) and Annual Report.

In addition, with recognition on the importance of transparency in its determination of a Director's independence and the clarity this brings for the benefit of its shareholders and stakeholders, the Board reviewed and approved the **Policy on Assessing the Independence of Directors** on August 23, 2018 in order to determine for all independent directors annually, not only those whose term of service as independent director falls under the 9-year presumption of non-independence. Each Independent Director will be evaluated by every director, the assessment was kept and compiled secretly by the Company Secretary to prevent and conflict of interests and which was proposed to and considered by the Nomination and Compensation Committee.

The assessment of the independence of 6 independent directors namely Mr. Pliu Mangkornkanok, Assoc. Prof. Dr. Angkarat Priebjivat, Prof. Dr. Pranee Tinakorn, Ms. Patareeya Benjapolchai, Ms. Panada Kanokwat and Mr. Sathit Aungmanee, revealed that their continued independence is still effective.

4.3 Remuneration

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

4.4 Board and Management Training

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

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

Each director had already completed programs related to the roles and responsibilities of directors. Ten out of eleven (90.91 per cent) of the Board of Directors attended training programs and seminars to enhance knowledge and skills in 2018. Details are as follows:

Name	Training Program
1. Mr. Pliu Mangkornkanok	In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets 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
2. Ms. Oranuch Apisaksirikul	Public Training <ul style="list-style-type: none"> • Advanced Audit Committee Program, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited
3. Associate Prof. Dr. Angkarat Priebjivat	Public Training <ul style="list-style-type: none"> • Audit Committee Forum 2018: Learn, unlearn and relearn - Audit Committee in the Age of Disruption, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Understanding Cryptocurrency, Blockchain, and Digital Assets 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

Name	Training Program
4. Prof. Dr. Pranee Tinakorn	In-house Training <ul style="list-style-type: none"> • Understanding Cryptocurrency, Blockchain, and Digital Assets 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
5. Ms. Patareeya Benjapolchai	Public Training <ul style="list-style-type: none"> • Ethical Leadership Program, Thai Institute of Directors • Audit Committee Forum 2018: Learn, unlearn and relearn - Audit Committee in the Age of Disruption, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets 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
6. Ms. Panada Kanokwat	Public Training <ul style="list-style-type: none"> • Board that Make a Difference, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets 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
7. Prof. Dr. Teerana Bhongmakapat	Public Training <ul style="list-style-type: none"> • Board that Make a Difference, Thai Institute of Directors In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets 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
8. Mr. Sathit Aungmanee	In-house Training <ul style="list-style-type: none"> • Cybersecurity Threatscape and You, TISCO IT Advisor
9. Mr. Chi-Hao Sun (Howard Sun)	In-house Training <ul style="list-style-type: none"> • Cybersecurity Threatscape and You, TISCO IT Advisor
10. Mr. Suthas Ruangmanamongkol	In-house Training <ul style="list-style-type: none"> • Cybersecurity, Threatscape and You, TISCO IT Advisor • Understanding Cryptocurrency, Blockchain, and Digital Assets 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

In addition, board members and top managements attended other training programs or seminars in 2018 which 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 2 main parts: Financial KPI and Non-Financial KPI. The set KPI is aligning with Company Vision Mission and short-term, middle-term, and long-term goal of the Company in considering the business situation and environment.

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

Governance Committee, and together with the assessment from the Nomination and Compensation Committee. The assessment result will be reported in the Board of Directors' Meeting.

4.6 Succession Planning

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

5. Integrity and Ethics

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

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

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

9.2 Other Committees

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

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

Executive Board

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

Currently, the Executive Board, consisting of four Executives Directors, are Ms. Oranuch Apisaksirikul as the Chairperson of the Executive Board, Mr. Suthas Ruangmanamongkol, Mr. Takashi Kurome (January 1 – April 23, 2018), and Mr. Chi-Hao Sun (Howard Sun).

Audit Committee

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

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

The Audit Committee is appointed by the Board of Directors. Currently, the Audit Committee, consisting of three Independent Directors, namely Associate Prof. Angkarat Priebjivat as the Chairperson of the Audit Committee, Ms. Pnada Kanokwat and Mr. Sathit Aungmanee. 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)*

Nomination and Compensation Committee is charged with the responsibility of overseeing directors and 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 CEO/President of subsidiary companies, which are directly supervised by financial and capital market regulators, and submits for acknowledgement by TISCO Board. These subsidiaries are TISCO Bank, TISCO Securities and TISCO Asset Management. TISCO Nomination and Compensation Committee adopts and oversees the implementation of selection and compensation policies for 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 is appointed by the Board of Directors. Currently, the Nomination and Compensation Committee, consisting of three Directors, namely Prof. Dr. Pranee Tinakorn as the Chairperson of the Nomination and Compensation Committee, Mr. Hon Kit Shing (Alexander H. Shing) and Mr. Sathit Aungmanee.

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 management in compliance with the Corporate Governance Policy, Code of Conduct, and related laws and regulations.

The Corporate Governance Committee is appointed by the Board of Directors. Currently, the Corporate Governance Committee, consisting of three Directors, namely Ms. Patareeya Benjapolchai as the Chairperson of the Corporate Governance Committee, Ms. Panada Kanokwat, and Prof. Dr. Teerana Bhongmakapat.

Specific-Area Committee of TISCO Financial Group

- TISCO Risk Management Committee comprises senior management of key business and control areas of TISCO Group. It is appointed by the Group CEO to determine overall risk management policies, risk limits and strategies of the group. TISCO Risk Management Committee proposes risk management policies and strategies, as well as reports risk monitoring results to TISCO Executive Board and TISCO Board regularly.
- TISCO Management Committee comprises senior management of key business and control areas of TISCO Group appointed by Nomination and Compensation Committee with the proposal from the Group CEO and ratified by the Board of Directors. The Management Committee is responsible to formulate TISCO Group's business strategy, financial goals, business plan, including annual budget, and ensure that operations are in accordance that with strategies and business plan, and are in compliance with Corporate Governance Policy and related regulations.

- The Compliance and Operation Control Committee is appointed by Group CEO to review operational productivity, risks, and control activities, to ensure an optimal level of operations that promotes both operating efficiency and adequate risk controls. TISCO Compliance & Operation Control Committee ensures that TISCO complies with related laws and regulations and effective internal controls across TISCO Group, reviews and determines mitigation plans and actions in response to significant operational risk incidents.
- The Information Technology Risk Management Committee is appointed by Group CEO to determine IT Risk Management Policies as an integral part of Enterprise Risk Management Policy of TISCO Group. Ensure compliance of IT processes to related laws and regulations, and the IT Risk Management Policies. Promote effective IT risk management processes across TISCO group. Oversee, monitor, and control IT risk management activities and key risk indicators, as well as key IT strategies and projects from risk perspectives
- The Information Technology Committee is appointed by the Group CEO to determine IT strategies and platforms for the group. It also ensures smooth and effective central IT and operating infrastructures including core servers, application architecture, MIS, building and office-related infrastructure and equipment. In addition, the Committee reviews IT capital expenditure and ensures sound IT and infrastructure security policy within TISCO Group.
- TISCO Human Resources Committee is appointed by Group CEO to review and determine organization structure and job structure, human resources policies and guidelines, succession and talent management, performance evaluation, job promotions and remuneration of TISCO Group.

Specific-Area Committee of TISCO Bank and other subsidiaries

- The Risk Management Committee of TISCO Bank is responsible for controlling and monitoring the adoption of TISCO Financial Group's risk management policy to ensure effective managements in the bank's various business units. TISCO Bank Risk Management Committee reports to 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 Internal Audit function regularly reviews compliance to the credit approval guidelines and procedures.

9.3 Directors and Management Selection Guidelines

9.3.1 Director and Independent Director Nomination

The Nomination and Compensation Committee shall, upon contemplating Company's need and good corporate governance, identify and propose qualified nominees, with knowledge, expertise, experiences in accordance with TISCO Group's strategy, and sufficient understanding of banking and finance including securities business, economics, law, Information Technology or any other fields deem appropriate with organizational necessity, good corporate governance, and Board structure as to contribute a variety of opinions in the Board relying on business standard and different experiences of each director. This includes a variety of Board Composition in age, sex, knowledge, expertise, experience, and other key qualifications in order to accept opposite opinions and share their judgments on business matters. Numbers of Independent Directors are set to be more than those of Non-Executive while numbers of directors nominated by each major shareholder are according to shareholding proportion for the appropriate balance of power and authority. The Nomination and Compensation Committee shall consider the recommendation from minority shareholders on the nomination of directors or independent directors according to the Company's criteria as specified under Section 9.1.

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

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

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

9.3.2 Management Selection

The Nomination and Compensation Committee shall identify and propose qualified nominees with necessary expertise to be appointed as Top Management to the Board. The prerequisites in selection should generally include consideration on the candidates' character, technical competence, and employment experience in the financial services field. The successful candidate should share the board's operating philosophy and vision of the Company's future in order to ensure that the institution's goals are met. It is important that mutual trust and a close working relationship are established. The Nomination and Compensation Committee shall recommend qualified candidates to the Board of Directors for approval.

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

9.3.3 Qualifications of Independent Director

A person to be nominated or appointed as an independent director must comply with the announcement of the Bank of Thailand, the Capital Market Supervisory Board, the Securities and Exchange Commission, the Stock Exchange of Thailand, including qualifications according to the 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 an non-independent Director of TISCO, its subsidiary and affiliate, same-level subsidiary, or juristic person who may have conflict of interest, or has left from such status but for less than 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 unless the foregoing status has ended not less than 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 the manner which may interfere with his 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 unless the foregoing relationship has ended not less than 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 unless the foregoing relationship has ended not less than 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 unless the foregoing relationship has ended not less than two 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 and in competition to the business of the Company or its subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary companies.
- (10) not being an independent director for more than 9 (nine) consecutive years in TISCO or its subsidiaries, except those who were appointed as Independent Directors before 23 June 2018 can still be in Independent Directors for more than 9 (nine) years 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 provider of any professional service by 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 one single entity to ensure good governance and yield effective synergies from 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. Key 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 according to 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, as well as maximize 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 business areas of financial services. The key roles of strategic business units consist of sales & marketing, customer relationships, and delivery of products and services to customers. They 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. Subsidiary companies serve as strategic business units, which focus on various business areas of financial services. The key roles of strategic business units consist of sales & marketing, customer relationships, and delivery of products and services to customers. They 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 performances and key business activities of all subsidiaries will be monitored, 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 divestment, asset acquisitions or disposal, business joint ventures or strategic alliances by subsidiary companies shall be approved by TISCO.

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.

To ensure coherent adoption of Corporate Governance across all subsidiary companies in TISCO Group², roles and responsibility of the Directors and the Management who the Company seconded to manage the subsidiary

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)

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

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

9.5 Control of Internal Information

TISCO Group has determined employees' best practices to carry their duties with integrity, fairness, comply with related rules and regulations, confidentiality towards customers, no preference to pursue personal opportunities over TISCO Group's responsibilities including making no use of non-public information or disclosing the information to others who are not engaged in 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 to create the Company's compliance manual.

With respect to TISCO Group's regulations governing employee securities trading, the Group requires management and employees to open trading accounts with TISCO Securities, its subsidiary. In this regard, he or she must, however the case may be, report their transaction to the Compliance function. Furthermore, the Group also prohibits senior management and insiders from trading the Company's shares within 7 working days before last day of the month until 2 days after the Company's monthly financial statements or concise assets and liabilities statement are published. A Director who knows important information about TISCO that has not been disclosed to the public must keep such information confidential. It is a violation of 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 of TISCO shares according to Corporate Governance Policy.

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

9.6 Auditor's Fee

9.6.1 Audit Fee

The Company and its subsidiaries for the Year 2018 amounting of Baht 10,350,000 to EY Office Limited.

9.6.2 Non Audit Fee

TISCO Group paid non-audit fees in 2018 amounted of Baht 280,000 to EY Office Limited. These fees were for the review of 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, developed from the 2012 Good Corporate Governance Principles for Listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange

Commission. After consideration, the Corporate Governance Committee founded that the Company has adopted most principles and proposed to the Board of Directors' Meeting No.7/2018 for acknowledgement. As of December 11, 2018, the Company is on the process of reviewing the Corporate Governance Policy to be aligning with the new Corporate Governance Code and Banking Industry Code of Conduct set by the Thai Banker's Association in order to keep updated with the fast growing development of corporate governance area. Most were adapted to TISCO Group as appropriate. And, also reasons why the company cannot comply with such a principle are explained as the following details.

<p>1. The company should appoint an external consultant in setting guidelines and providing recommendations for a board assessment at least once every three (3) years. This information should be disclosed in the Annual Report</p>	<p>The Board of Directors agreed with the Corporate Governance Committee that the current assessment TISCO perform is deemed appropriate</p>
<p>2. The Board should establish the 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</p>	<p>The Nomination and Compensation Committee as delegated by The Board of Directors has managed to set up a Policy on Assessing the Independence of Directors whose tenure has completed and exceeded nine years. The Board will announce a policy limiting that the tenure of an independent director should 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</p>

10. Corporate Social Responsibility

Sustainable Business Practices

At TISCO we believe that strong and sustainable growth can only be brought about on the basis of solid governance, and factoring in economic, social and environmental impacts on stakeholders in line with the sustainability framework. In order to efficiently drive and develop the In-Process Sustainability Development, TISCO Group has formulated and revised the Sustainable Development Policy in an alignment with the Sustainable Development Framework. Determining therein Sustainability Development Framework, the sustainable development has been classified into three main areas 1) To promote the responsible financial products and services (Marketplace), 2) To be a responsible financial institution with good governance (Workplace) and 3) To create a community and environment with responsibility (Community & Environment). These three areas effectively support the driving of sustainable developments significantly to the organization including Environmental, Social and Governance (ESG). In addition, TISCO Group has also participated in driving Sustainable Development Goals (SDGs) that announced by United Nations by incorporating into Sustainable Business Practices of the organization. Sustainable Development Working Team (SD Working Team) is set up to be task force for supervising and implementing the sustainable Development operations in TISCO Group in accordance with the determination given in Sustainable Development Framework. In 2018, three-year Sustainable Development Roadmap detailed as implementation plan of Sustainable Development Framework has been developed by SD Working Team. To concrete the implementation, the action plans have been prioritized according to the validated materiality aspects.

As results of undertaking business with ethics concerning creative society and environmental responsibility in accordance with the Sustainable Development Framework, in 2018, TISCO Financial Group Plc. ("TISCO") was awarded to be one in the name list of "Sustainable Stock" namely "Thailand Sustainability Investment" list for two consecutive year from the Stock Exchange of Thailand. Other than that, TISCO also received Sustainability Report Awards "Outstanding" and "Most Improved" from CSR Club of Thai Listed Company Association (TLCA). In regard to disclosures, TISCO publicized information presenting the concrete integration of Sustainable Development Framework into the mission of the organization in an alignment with the International Standards.

Details of TISCO sustainable development operations have been disclosed in Sustainability Report for the year 2018. The Report is prepared in accordance with the GRI Standards and Financial Services Sector Disclosures of Global Reporting Initiative (GRI). Contents presented therewith cover organizational information, management guideline, sustainability topics and material disclosure of performances during 2018, in economic, social, and environmental aspects, with valuable contribution to all groups of stakeholders. The linkages between the organization's performance and the United Nations' Sustainable Development Goals 2030 were also presented.

Anti-Corruption

TISCO Group emphasizes and is committed to transparently undertake businesses for over 47 years adhered to the principles of good corporate governance as well as anti-corruption guidance. TISCO has instilled in all employees operate with integrity and incorporated "Integrity" as an integral part of company's core values and include therein the Compliance Manual as well.

In 2010, TISCO Group signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption and was certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption on October 8, 2013 and has been recertified for another three years in August 16, 2016. In year 2018, TISCO Group is on the process to extend the recertification as allies of CAC for another three year long.

TISCO Group has launched the "Anti-corruption policy and guideline" and appropriately revised on regular basis in accordance with industry best practice to ensure the effectiveness of the stipulations stated therein mentioned policy and guideline. The key essences of such policy and guideline are regularly communicated to all staff through several dedicated channels i.e. announcement on intranet, e-learning, clarification in the arranged meeting whenever having key amendments. The perception and understanding on the key principles of Anti-Corruption policy and guideline have been included in the Compulsory KPI evaluation report. Additionally, TISCO has also annually conducted the corruption risk assessment and reported the assessment result to the relevant committee for consideration. In regard to the intent

expression on the Anti-Corruption, TISCO Group has submitted the Supplier Code of Conduct incorporated anti-corruption as one of standing intents therein to all active suppliers of the organization. The aims are not only for presenting the business ethics of TISCO Group but also for seeking the cooperation from those suppliers in undertaking business in compliance with the determinations stipulated therein the said Supplier Code of Conduct. TISCO Group has also cooperated with CAC to volunteer to be instructors to educate the representatives of listed companies or other companies interested in placing participation to be allies of CAC in regard to the practical guideline regarding anti-corruption.

Anti-Corruption Guideline

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

TISCO has implemented program to fight against corruption, with details as follows:

1. Place "Integrity" as the company's core values. All of TISCO Group's employee conduct themselves with honestly and follow the code of ethics of the highest standards
2. Evaluate the company's annual Corruption Risk Evaluation during the company's annual Risk Assessment Evaluation
3. Adjust the level of the company's Anti-Corruption implementation to correspond with the result of the annual Risk Assessment Evaluation and implement the company's bribery policy
4. Provide Anti-Corruption training programs to employee to promote integrity, honesty, and accountability in the exercise of their duties and responsibilities by adding "Anti-Corruption Policy" into Competency KPI report which required 100 percent of test result. Additionally, seminar for company's directors and executives was arranged by inviting professional speaker to share and exchange the knowledge and experiences on the A Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society
5. Formulate Whistleblowing Policy and provide appropriate channels of communication to the employee and other stakeholders to report suspicious circumstances in confidence without risk of reprisal, and a designed officer will be tasked with investigating all report received.
6. TISCO Group's top executives express the intent in anti-corruption through the regular participation in promoting Anti-Corruption activities with other organization. In year 2018, the eighth year when TISCO has joined and participated as part of private sector in supporting the anti-corruption activities. The joined activities in year 2018 were the participation in "International Anti-Corruption day" arranged in December 7, 2018 at the Grand Diamond Ballroom, Impact Exhibition Center, Muang Thong Thani.
7. Strengthen and enhance the control measures for procurement process to minimize the possibility of corruption or bribery. Addition to the centralized procurement process, the steering committee is appointed to assist in screening the appropriateness of price as well as the term of conditions for the high value procurement.
8. Strengthen the gift receiving guideline to be more stringent by prohibiting receive gift from customers, suppliers or business partners. In case being unable to refuse the receiving, all received gifts are subjected to deliver to any charity organizations or TISCO Foundation on behalf of the givers for charitable activities as deemed appropriate. TISCO Group has publicized the No Gift Policy on the corporate website and also submitted letters to seek the cooperation from customers, suppliers or business partners for not giving any gifts to employees and managements of TISCO Group.

9. Provide full cooperation to the supervisory authority to disclose the Anti-Corruption Progress Indicator. At present, TISCO Group was ranked at level 4 which referred to the company passed the certification and is one of members of Private Sector Collective Action Coalition Against Corruption in Private Sector. TISCO is on the preparation process to upgrade to level 5 by extending the anti-corruption practice to counterparty and business partners.
10. In regard to the Securities Company and Asset Management Company, the subsidiaries within the TISCO Group, they also well provide the support on proceeding for prevention of involvement with the corruption. TISCO Securities Co., Ltd. where undertakes the research business for listed company has disclosed the Anti-Corruption Progress Indicator of such listed company in the research articles of the company in order to be the supportive information for investors.

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

The details of Anti-Corruption Policy are officially disclosed under the section of Sustainability Development in the topic of to be a responsible financial institution with good governance (Workplace) in order to thoroughly disclose the informative information regarding the Anti-Corruption Policy. (For further Anti-Corruption policy could view in TISCO's website at <https://www.tisco.co.th/th/sd/csr/goodgovernance.html#anticorp>)

Honors and Awards in 2018

In 2018, TISCO was honored with several awards and recognition from various institutes at both the national and international levels for its commitment to developing products and services for the benefit of all groups of stakeholders, good corporate governance, and social and environmental responsibility, all of which are crucial to sustainable development. Our accolades include:

National Level

Operating Results

Best Company Performance

TISCO Financial Group Public Company Limited won the **Best Company Performance Award** in the category of listed companies with market capitalization between 30 Billion– 100 Billion Baht in SET Award 2018 ceremony arranged by the Stock Exchange of Thailand (SET). The distinction is granted on the basis of impressive business performance, good corporate governance and full compliance with SET on data disclosure and quality of financial statements. TISCO Financial Group Public Company Limited was ever recognized with Outstanding Company Performance Award in 2016.

Distinguished Financial Management

TISCO Bank Public Company Limited received the **Distinguished Financial Management Award** for being an outstanding financial firm at the Thailand Corporate Excellence Awards 2018 ceremony. The Thailand Management Association (TMA) and Chulalongkorn University's Sasin Graduate Institute of Business Administration organize the event to honor successful and exemplary business organizations.

Good Corporate Governance

Thailand Sustainability Investment (THSI)

TISCO Financial Group Public Company Limited is on the list of Thailand Sustainability Investment (THSI) 2018, which was released by SET at the SET Sustainability Awards 2018 ceremony. TISCO has made it into the list for two consecutive years thus underlining TISCO's commitment to sustainable growth through comprehensive risk management, innovation-driven competitiveness, ethical business practices, as well as social and environmental responsibility in line with the prescribed sustainable development guidelines.

Excellent CG Scoring

TISCO Financial Group Public Company Limited has been evaluated as “excellent” and ranked in the “Top Quartile” of listed companies with market capitalization over 10 billion Baht consecutively for the 11th year in recognition of its outstanding CG Report for the year 2018 arranged by the Institute of Directors (IOD).

ESG100

TISCO Financial Group Public Company Limited has been selected as one of 100 companies on the ESG100 list for its impressive Environmental, Social, Governance (ESG) performance for the year 2018 consecutively for the fourth year since the Thaiptat Institute started ranking the ESG100 in 2015.

Excellent Shareholders’ General Meeting 2018 Certificate

TISCO Financial Group Public Company Limited has received the excellent shareholders’ general meeting 2018 certificate by scoring 100 out of possible 100 points. The shareholders’ general meetings held by Tisco Financial Group PLC have been described as “excellent” for four 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.

Outstanding Sustainability Report Award

TISCO Financial Group Public Company Limited won the **2018 Sustainability Report Award** from the Thai Listed Companies Association. The award is granted in recognition for TISCO’s prominent disclosure of the TISCO Sustainability Framework, which is also integrated with TISCO’s mission in a concrete manner. Data disclosed include the promotion of sustainable capital market, strengthening the rural economy and promoting financial inclusion, introduction of innovative financial products, and minimization of environmental impacts. The disclosure is also undertaken in an easy-to-understand manner.

2018 Sustainability Report Award - Most Improved

TISCO Financial Group Public Company Limited won the **2018 Sustainability Report Award – Most Improved** from the Thai Listed Companies Association. The award reflects TISCO Financial Group Public Company Limited’s commitment to disclose data in line with international guidelines. The report covers not just financial data but also TISCO’s environmental, social and governance performance, which reveals the level of business sustainability for the benefit of stakeholders.

Products and Services

Most Active Bank in Corporate Bond Secondary Market

TISCO Bank Public Company Limited received “**Most Active Bank in Corporate Bond Secondary Market**” award for the year 2018 from Thai Bond Market Association (ThaiBMA) Best Bond Awards 2018 organized by the ThaiBMA in recognition of its active market making role in corporate bond secondary market with the highest number of corporate bond transaction in 2018.

Outstanding Technical Analyst Certificate

TISCO Securities Company Limited received a certificate “Outstanding Technical Analyst - Not classified - Institutional and Retail Investors” for the year 2018 from Investment Analysts Association in the IAA BEST ANALYST AWARDS 2018 ceremony.

Excellent Analyst Team

Deutsche TISCO Investment Advisory Company Limited received “Excellent Analyst Team Award” – Institutional Investment Analyst for the year 2018 from Investment Analysts Association in the IAA BEST ANALYST AWARDS 2018 ceremony.

Best Analyst Individual

Deutsche TISCO Investment Advisory Company Limited received “Best Analyst – Individual Award” for the section of “Technology” – Institutional Investment Analyst for the year 2018 from Investment Analysts Association in

the IAA BEST ANALYST AWARDS 2018 ceremony. The award result was considered from the voting of institutional investment analysts together with the considering criteria of the designated committee.

International Level

Corporate Governance

ASEAN CG Scorecard

TISCO Financial Group Public Company Limited received the **Top 50 ASEAN CG Scorecard Award** from the ASEAN Capital Markets Forum, which is composed of capital market regulators of ASEAN nations. The award is granted to raise CG or corporate governance standards of listed companies in the ASEAN region. Today, TISCO is one of 11 Thai firms to have made into the top 50 list of ASEAN nations. Judges of the ASEAN Capital Markets Forum granted the recognition by comparing data documents publicly released by TISCO against the CG guidelines of the Organisation for Economic Co-operation and Development (OECD) and taking into account of passing the validation test undertaken by an external and independent assessor.

Products and Services

Top Bank in Corporate Bonds

TISCO Bank Public Company Limited was named **Top Bank in Corporate Bonds in the Secondary Market** by the The Asset, the leading financial and investment media outlet in Asia-Pacific, in The Asset Benchmark Research Awards 2018 ceremony.

Best Individual

TISCO Bank Public Company Limited was named **Best Individual & Top Bank in Corporate Bonds in the Secondary Market** –by the The Asset, the leading financial and investment media outlet in Asia-Pacific, in The Asset Benchmark Research Awards 2018 ceremony.

Most Innovative Asset Management Company – Thailand 2018

TISCO Asset Management Company Limited was named the **Most Innovative Asset Management Company – Thailand 2018** by International Finance (UK), one of the world's leading financial magazines in International Finance Awards 2018 ceremony. This award is granted to the asset management firm that has demonstrated innovative investment products and offers new and good alternatives to investors on a constant basis.

Best Provident Fund Provider Thailand 2018

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

11. Internal Control and Risk Management

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

Oversight of Internal Control System and Risk Management

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

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

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

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, 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 Board shall supervise the performance of duties of the Management Committee as well as the effectiveness of establishment of sound control system and risk management process. 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 shall be established which currently is on the selection process to recruit the competent and qualified directors 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. 1/2019 on February xx, 2019 where the 7 members of independent directors including 3 members of Audit Committee were present, the Board considered the Company's internal control assessment form as prepared by the managements and reviewed by the Audit Committee. According to the assessment form, the evaluation was made to cover five aspects; Organizational Control and Environmental Measures, Risk Management Measures, Management Control Activities, Information and Communication Measures and Monitoring. The Board viewed that the Company's internal control system is adequate and appropriate for business undertakings. The Company has established sound control system and sufficient resources to carry out according to the determined processes including sufficient monitoring controls for supervising business operations of subsidiaries to ascertain that they operates businesses under the sound control systems with appropriate control measures to prevent the conflict of interests.

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

Audit Committee has agreed with Board of Directors' report on Internal Control System and had no comments on the internal control system. The details are provided in Attachment 6 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 Miss Jiraporn Sawsukpaiboon as a Head of Internal Audit who is qualified to take charge for Internal Audit function with her competency and auditing experience. Ms. Jiraporn is able to independently perform her duties with the support of the Audit Committee. Ms. Jiraporn is also appointed as the Secretary to the Audit Committee. Qualification of the current Head of Internal Audit is provided in the Attachment 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 detail of related party transaction under section 3.34 of notes to the consolidated financial statement for the year ended December 31, 2018. The Company and its subsidiaries had business transactions with related parties whereby such transactions shall be done on fair and at arms-length basis as applied to external parties.

12.1 Necessity and justification for the transactions

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

12.2 Measures or procedures for approval of related party transactions

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

12.3 Policy or Future related transaction policy

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

Part 3

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, 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.

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2016

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, 2016 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, 2016, 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, 2018	December 31, 2017	December 31, 2016
Assets			
Cash	1,191,800	1,324,808	1,149,005
Interbank and money market items - net	54,071,389	44,647,149	38,067,417
Derivatives assets	5,685	-	-
Investment - net	9,012,345	7,547,143	7,188,845
Investment in subsidiaries and joint venture - net	800,151	573,925	442,750
Loans to customers and accrued interest receivables			
Loans to customers	261,056,899	271,125,255	245,114,243
Accrued interest receivables	642,526	715,653	520,704
Total loans to customers and accrued interest receivables	261,699,425	271,840,908	245,634,947
Less: Deferred revenue	(20,402,559)	(19,741,455)	(20,180,240)
Less: Allowance for doubtful accounts	(11,665,492)	(11,447,166)	(7,973,890)
Less: Allowance for loss on debt restructuring	(8,146)	(8,948)	(9,748)
Loans to customers and accrued interest receivables - net	229,623,228	240,643,339	217,471,069
Properties foreclosed - net	10,857	5,274	7,366
Investment properties	39,388	32,396	32,157
Premises and equipment - net	2,992,229	2,653,195	2,652,515
Intangible assets - net	448,222	537,696	567,053
Deferred tax assets	991,525	743,145	513,602
Securities and derivatives business receivables - net	948,528	2,342,040	1,373,757
Other assets	2,409,287	2,338,299	1,806,862
Total assets	302,544,634	303,388,409	271,272,398

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

As of

(Unit: Thousand Baht)

Consolidated financial statements

	December 31, 2018	December 31, 2017	December 31, 2016
Liabilities and equity			
Liabilities			
Deposits	193,108,310	180,803,844	155,067,524
Interbank and money market items	4,374,674	4,017,507	5,196,603
Liabilities payable on demand	238,219	431,361	180,242
Derivatives liabilities	10,653	29,815	34,118
Debts issued and borrowings	55,556,919	71,078,619	70,328,919
Provision for long-term employee benefits	827,442	734,853	576,114
Deferred tax liabilities	8,499	15,633	2,581
Securities and derivatives business payables - net	995,276	2,216,256	1,510,870
Accrued interest payable	881,275	729,377	753,021
Income tax payable	753,846	849,052	565,781
Other liabilities	7,960,065	7,750,327	5,731,082
Total liabilities	264,715,178	268,656,644	239,946,855
Equity			
Share capital			
Registered			
33,858 preference shares of Baht 10 each	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694
	8,007,033	8,007,033	8,007,033
Issued and paid-up			
9,859 preference shares of Baht 10 each			
(31 December 2017: 9,859 shares of Baht 10 each)	99	99	108
(31 December 2016: 10,758 shares of Baht 10 each)			
800,645,624 ordinary shares of Baht 10 each			
(31 December 2017: 800,645,624 shares of Baht 10 each)	8,006,456	8,006,456	8,006,447
(31 December 2016: 800,644,724 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	1,753,824	1,653,202	1,447,136
Retained earnings			
Appropriated-statutory reserve			
	801,000	801,000	801,000
Unappropriated			
	26,116,740	23,125,364	19,951,807
Equity attributable to equity holders of the Company	37,696,527	34,604,529	31,224,906
Non-controlling interest of the subsidiaries	132,929	127,236	100,637
Total equity	37,829,456	34,731,765	31,325,543
Total liabilities and equity	302,544,634	303,388,409	271,272,398

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 31,2018	December 31,2017	December 31,2016
Profit or loss:			
Continuing operations			
Interest income	17,690,276	16,381,521	16,011,544
Interest expenses	(5,075,507)	(4,814,374)	(5,091,110)
Net interest income	12,614,769	11,567,147	10,920,434
Fee and service income	6,339,093	6,344,652	5,367,829
Fee and service expenses	(243,666)	(245,964)	(230,082)
Net fee and service income	6,095,427	6,098,688	5,137,747
Net gains (losses) on trading and foreign exchange transactions	6,339	(83,857)	(9,468)
Net gains on investments	496,291	41,968	12,594
Share of profit from investment accounted for under equity method	222,708	130,420	131,212
Dividend income	62,584	138,178	78,973
Penalty fee income from loans	331,035	375,524	364,260
Other operating income	204,018	125,952	121,637
Total operating income	20,033,171	18,394,020	16,757,389
Operating expenses			
Employee's expenses	5,839,300	5,073,893	4,298,798
Directors' remuneration	16,425	12,740	12,745
Premises and equipment expenses	1,213,428	1,148,613	970,203
Taxes and duties	303,080	252,389	208,869
Other operating expenses	1,381,034	1,183,075	1,050,415
Total operating expenses	8,753,267	7,670,710	6,541,030
Bad debt, doubtful accounts and impairment losses	2,701,452	3,078,651	3,972,366
Profit from operations before income tax expenses	8,578,452	7,644,659	6,243,993
Income tax expenses	1,663,017	1,486,816	1,220,410
Profit for the year from continuing operations	6,915,435	6,157,843	5,023,583
Discontinued operations			
Profit (loss) for the year from discontinued operations	128,306	(40,536)	-
Total profit for the year	7,043,741	6,117,307	5,023,583

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 31,2018	December 31,2017	December 31,2016
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	(233,032)	270,399	59,888
Share of other comprehensive income of joint venture:			
Cash flow hedges of joint venture	3,517	755	27,431
Income tax effects	45,062	(55,109)	(11,978)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(184,453)	216,045	75,341
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	(56,943)	(155,385)	(40,122)
Income tax effects	(66,712)	30,909	7,995
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	263,968	(124,476)	(32,127)
Other comprehensive income for the year from continuing operations	79,515	91,569	43,214
Total other comprehensive income for the year	79,515	91,569	43,214
Total comprehensive income			
Total comprehensive income from continuing operations	6,994,950	6,249,412	5,066,797
Total comprehensive income from discontinued operations	128,306	(40,536)	-
Total comprehensive income for the year	7,123,256	6,208,876	5,066,797
Profits attributable to			
Equity holders of the Company			
Profit for the year from continuing operations	6,887,379	6,130,544	5,005,894
Profit (loss) for the year from discontinued operations	128,306	(40,536)	-
Profit for the year attributable to the Company	7,015,685	6,090,008	5,005,894
Non-controlling interests of the subsidiaries			
Profit for the year from continuing operations	28,056	27,299	17,689
Profit for the year from discontinued operations	-	-	-
Profit for the year attributable to non-controlling interests of the subsidiaries	28,056	27,299	17,689
	7,043,741	6,117,307	5,023,583
Total comprehensive income attributable to			
Equity holders of the Company			
Total comprehensive income for the year from continuing operations	6,966,734	6,222,446	5,050,062
Total comprehensive income for the year from discontinued operations	128,306	(40,536)	-
Total comprehensive income for the year attributable to the Company	7,095,040	6,181,910	5,050,062
Non-controlling interests of the subsidiaries			
Total comprehensive income for the year from continuing operations	28,216	26,966	16,735
Total comprehensive income for the year from discontinued operations	-	-	-
Total comprehensive income for the year attributable to non-controlling interests of the subsidiaries	28,216	26,966	16,735
	7,123,256	6,208,876	5,066,797
Earnings per share of equity holders of the Company			
Basic earnings per share			
Equity holder of the Company	8.60	7.66	6.25
Profit from continuing operations	0.16	(0.05)	-
Profit (loss) from discontinued operations	8.76	7.61	6.25

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2018	December 31, 2017	December 31, 2016
Cash flows from operating activities			
Profit before income tax from continuing operations	8,578,452	7,644,659	6,243,993
Profit (loss) before income tax from discontinued operations	128,306	(1,042)	-
Profit from operation before income tax	8,706,758	7,643,617	6,243,993
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	390,757	350,638	252,316
Bad debts and doubtful accounts	4,898,708	5,064,167	6,094,764
Share of profit from investments accounted for under equity method	(222,708)	(130,420)	(131,212)
Allowance for impairment of investments (reversal)	(1,355)	(3,671)	4,420
Allowance for impairment of properties foreclosed (reversal)	(268)	394	11,128
Gains on disposal of investments in securities	(495,267)	(38,157)	(17,682)
Unrealised (gains) losses on foreign exchange transactions and trading derivatives	(6,455)	83,376	(851)
Gains on disposal of equipment and intangible assets	(5,661)	(12,997)	(14,127)
Gains (losses) on changes in value of investment properties	(6,992)	(239)	-
Losses on written-off of equipment	472	3,441	941
Losses on written-off of intangible assets	-	-	6,218
Gains on disposal of properties foreclosed	(71,336)	(81,678)	(73,175)
Employee benefit expenses	83,138	42,708	89,986
(Increase) decrease in accrued income	261,429	(317,317)	(19,887)
Increase in accrued expenses	536,621	601,873	413,512
Net interest income	(12,828,669)	(11,654,786)	(10,920,434)
Dividend income	(62,584)	(138,178)	(78,973)
Cash received on interest income	17,680,774	16,743,707	16,335,057
Cash paid on interest expenses	(3,844,808)	(3,824,667)	(4,234,443)
Cash received on dividend income	62,584	138,178	78,973
Cash paid on income tax	(2,018,179)	(1,484,013)	(1,173,584)
Profit from operating activities before changes in operating assets and liabilities	13,056,959	12,985,976	12,866,940
Operating assets (increase) decrease			
Interbank and money market items - net	(9,424,150)	(6,579,740)	(6,904,757)
Loans to customers	4,253,506	3,718,910	6,771,626
Securities and derivatives business receivables	1,393,513	(968,284)	(243,566)
Receivables from clearing house	(114,224)	144,621	103,127
Properties foreclosed	1,849,032	2,071,939	2,376,862
Other assets	(201,668)	(883,412)	(188,541)
Operating liabilities increase (decrease)			
Deposits	12,304,466	11,114,657	(3,276,666)
Interbank and money market items	357,167	(1,179,096)	(4,833,456)
Liabilities payable on demand	(193,142)	251,119	(176,093)
Securities and derivatives business payables	(1,220,980)	705,386	235,841
Short-term debts issued and borrowings	(25,021,700)	8,072,700	(20,370,000)
Payable to clearing house	(52,820)	113,385	(96,576)
Provision for long-term employee benefits	(47,493)	(39,353)	(20,927)
Other liabilities	(1,099,657)	(395,852)	(1,213,333)
Net cash flows from (used in) operating activities	(4,161,191)	29,132,956	(14,969,519)

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, 2018	December 31, 2017	December 31, 2016
Cash flows from investing activities			
Cash paid for purchase of investments in securities held for investment	(12,333,737)	(7,578,768)	(7,759,049)
Cash received from disposal of investments in securities held for investment	11,125,400	7,447,916	8,968,790
Cash paid for purchase of equipment	(191,004)	(203,271)	(223,346)
Cash paid for purchase of intangible assets	(77,495)	(116,253)	(242,740)
Cash received from disposal of equipment	8,061	13,006	14,168
Cash paid on business acquisition	-	(18,394,496)	-
Net cash flows used in investing activities	(1,468,775)	(18,831,866)	757,823
Cash flows from financing activities			
Cash received from issuance of long-term debentures	20,000,000	19,600,000	16,180,000
Cash paid for redemption of long-term debentures	(10,500,000)	(26,923,000)	-
Dividend paid	(4,003,042)	(2,802,287)	(1,920,590)
Net cash flows from (used in) financing activities	5,496,958	(10,125,287)	14,259,410
Net increase (decrease) in cash	(133,008)	175,803	47,714
Cash at beginning of the year	1,324,808	1,149,005	1,101,291
Cash at end of the year	1,191,800	1,324,808	1,149,005

13.2 Important Financial Ratios

		2018	2017	2016
Profitability Ratio				
Gross Profit Margin	(%)	77.9	77.7	75.1
Net Profit Margin	(%)	34.4	33.1	29.9
Return on Average Shareholders' Equity	(%)	19.3	18.4	16.8
Interest Income Ratio	(%)	5.8	5.7	5.8
Interest Expense Ratio	(%)	2.0	2.0	2.2
Interest Spread	(%)	3.8	3.7	3.6
Return on Investment	(%)	8.5	2.1	2.6
Efficiency Ratio				
Net Interest Income to Total Assets	(%)	4.2	4.0	4.0
Return on Average Assets	(%)	2.3	2.1	1.8
Total Asset Turnover	(times)	0.07	0.06	0.06
Financial Ratio				
Debt to Equity Ratio	(times)	7.0	7.7	7.7
Total Loans to Total Borrowing and Deposits	(%)	96.7	99.6	99.7
Total Loans to Public Borrowing	(%)	124.6	139.0	145.1
Public Borrowing to Total Liabilities	(%)	72.9	67.3	64.6
Dividend Payout Ratio	(%)	N/A	65.7	56.0
Asset Quality Ratio				
Allowance for Doubtful Account to Total Loans	(%)	4.8	4.5	3.5
Bad Debt and Doubtful Account to Total Loans	(%)	1.8	1.4	1.9
Non-accrued loans ¹ to Total Loans	(%)	2.6	2.4	2.9
Allowance for Doubtful Account to Non-performing loans	(%)	169.8	196.5	139.8
Accrued Interest Receivable to Total Loans	(%)	0.3	0.3	0.2
Other Ratios				
Capital Funds to Risk Weighted Asset (BIS)	(%)	22.91	20.72	19.59
Net Capital Rule (TISCO Securities)	(%)	105.91	58.24	85.73

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 2018, with those of the year 2017

Movement of Money Market and Capital Market

Throughout the year 2018, the domestic and global economies have been volatile causing by numerous factors. Nonetheless, Thai economy was able to expand consistently including both export sector and private consumption. Meanwhile, private investment and public spending grew at moderate pace following the ongoing government's investment projects. The domestic car sale for the year 2018 was at 1,045,000 units or increased by 20% (YoY). Meanwhile, the headline inflation was 1.1%, following an increase in oil prices.

The world economic conditions were highly volatile given the prolonged trade war between US and China, the US Federal Reserve's interest rate raise in total of 4 times to 2.25 – 2.50%, and the rising US bond yields. Subsequently, the effects have been observed in capital outflow from emerging markets and the devaluation of stock markets and currencies of emerging markets. However, Thai Baht remained strong owing to positive current account surplus and fund inflow from growing tourism sector.

To maintain financial stability, the Bank of Thailand (BOT) raised the policy rate once in December 2018 to 1.75%. Meanwhile, the average 3-month fixed deposit rates of Top-4 commercial banks remained stable at 0.93% (YoY), while the average minimum lending rate of Top-4 commercial banks was also stable at 6.20% (YoY).

The capital market in 2018 was highly fluctuated in response to global economic conditions. Therefore, market trading volume increased with average daily turnover rose from 47,755.37 million baht in 2017 to 56,409.06 million baht. SET index closed at 1,563.88 points, dropped by 189.83 points or 10.8% comparing to 1,753.71 points at the end of last year driven by fund outflow from foreign institution investors.

Major Events

On March 30, 2018, TISCO Bank Public Company Limited and All-Ways Company Limited have signed the agreements for the sale of personal loan portfolio and credit card business to Citibank N.A. (Bangkok Branch). TISCO Bank Public Company Limited has completed the sale of the personal loan portfolio to Citibank successfully on June 4, 2018 while All-Ways Company Limited has completed the sale of credit card business to Citibank N.A., Bangkok Branch successfully, effective starting from September 23, 2018. Thus, the Company revised the financial statement of the year 2017 to be in alignment with accounting standard of this period and for comparison and information use purposes.

14.1 Operating Performance for the year 2018

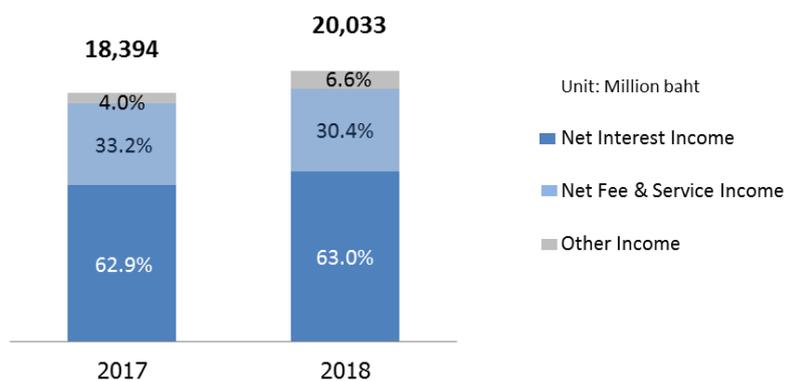
TISCO Financial Group Public Company Limited ("the Company") had net profit from operations on a standalone basis totaling 5,626.80 million baht, mainly contributed by service fee income from subsidiary companies within the group. As a holding company, TISCO Financial Group Public Company Limited operates as shareholder in other company and no other major business. Therefore, the analysis was based on the Company's consolidated operating performance and financial position which comprised of 2 main businesses: commercial banking business and securities business.

In 2018, the net profit attributed to owners of the Company totaled 7,015.69 million baht, increased by 925.68 million baht (15.2% YoY), contributed by an increase in income from core businesses and the record of extraordinary income from investment and business sale. Net interest income increased by 9.1% (YoY) from the ability to maintain overall loan yield and the effective cost management, together with the transfer of retail banking business from Standard Chartered Bank (Thai) Public Company Limited. In addition, the Company recorded gain on selling investment, share of profit from subsidiaries and gain from sale of credit card business. However, non-interest income from core business slightly declined by 0.7% (YoY), from the decline in investment banking fee income. Whilst, fee income from other core businesses reported favorable growth. Provision expense declined by 12.3% (YoY) following the effective credit control.

At the end of this year, the Company has revised the loan classification criteria to be more stringent for installment loans in accordance with prudent credit control policy, despite the clients' repayment behavior and overall asset quality have remained stable. As a result, NPLs ratio at the end of 2018 rose to 2.86%. Meanwhile, the Bank still maintained loan loss reserve to minimum loan loss reserve requirement as high as 229.5%.

Basic earnings per share for the year 2018 was 8.76 baht per share, increased from 7.61 baht per share in 2017. Meanwhile, the return on average equity (ROAE) increased from 18.4% in 2017 to 19.3%.

Composition of Operating Income



Consolidated Revenue Structure

The Company and its subsidiaries' consolidated revenue structure in 2017 and 2018 are illustrated in Table 1.

Table 1: Consolidated Revenue Structure for year 2017 -2018

Type of Revenue (Million baht)	2018	2017	%YoY
Interest income			
Interest on loans	8,090.39	6,608.71	22.4
Interest on interbank and money market items	706.37	584.92	20.8
Hire purchase and financial lease income	8,691.42	8,993.74	(3.4)
Investments	202.09	194.16	4.1
Total interest income	17,690.28	16,381.52	8.0
Interest expenses	(5,075.51)	(4,814.37)	5.4
Net interest income	12,614.77	11,567.15	9.1
Fee income			
Fee income	6,339.09	6,344.65	(0.1)
Fee expenses	(243.67)	(245.96)	(0.9)
Net fee income	6,095.43	6,098.69	(0.1)
Gain on investment and foreign exchange transaction	502.63	(41.89)	n.a.
Share of profit from invest in subsidiaries	222.71	130.42	70.8
Other operating income	597.64	639.65	(6.6)
Total operating income	20,033.17	18,394.02	8.9
Other operating expenses	(8,753.27)	(7,670.71)	14.1
Bad debt and doubtful account and impairment loss of debt securities	(2,701.45)	(3,078.65)	(12.3)
Profit before income tax and minority interest	8,578.45	7,644.66	12.2
Corporate income tax expenses	(1,663.02)	(1,486.82)	11.9
Profit from continuing operations	6,915.43	6,157.84	12.3
Profit/Loss from discontinued operations	128.31	(40.54)	n.a.
Profit before minority interest	7,043.74	6,117.31	15.1
Non-controlling interests of the subsidiaries	(28.06)	(27.30)	2.8
Net profit	7,015.69	6,090.01	15.2

(1) Net Interest Income

Net interest income for the year 2018 was 12,614.77 million baht, increased by 1,047.62 million baht (9.1% YoY). Total interest income was 17,690.28 million baht, increased by 1,308.76 million baht (8.0% YoY), while interest expense increased by 261.13 million baht to 5,075.51 million baht (5.4% YoY).

Yield on loan increased from 6.8% to 6.9% (YoY) from the shift in loan portfolio mix from hire purchase loans to consumer loans that offer higher yield, along with the transfer of retail banking business from Standard Chartered Bank (Thai). While, the cost of fund declined from 2.1% to 2.0% (YoY) following the Company's effective cost management. Consequently, loan spread improved from 4.7% to 4.9% (YoY). The net interest margin remained stable at 4.2% (YoY).

Table 2: Interest spread year 2017 – 2018

%	2018	2017
Yield on Loans	6.9	6.8
Cost of fund	2.0	2.1
Loan spread	4.9	4.7

The Company reported the net interest income after impairment loss of loans and debt securities totaled 9,913.32 million baht, increased by 1,424.82 million baht (16.8% YoY). Impairment losses on loans totaled 2,701.45 million baht, dropped comparing with 3,078.65 million baht in 2017 following the effective credit control.

(2) Non-interest Income

In 2018, non-interest income of the Company reported at 7,418.40 million baht, increased by 8.7% (YoY), comprising non-interest income from core businesses of 6,936.73 million baht, decreased by 47.58 million baht (0.7% YoY) following the decline in investment banking fee income from the absence of underwriting fee in 2017. Nonetheless, banking fee income rose by 286.94 million baht (6.9% YoY) to 4,436.69 million baht from the strong improvement in bancassurance business. Brokerage fee income increased by 3.35 million baht (0.4% YoY) to 834.11 million baht stemming from higher market trading volume. Furthermore, asset management basic fee grew by 132.47 million baht (10.4% YoY) to 1,411.83 million baht, from the issuance of new funds corresponding to the customer demand during the volatile capital market.

In addition, this year the Company recorded the gain on selling investment amounting 496.29 million baht, extraordinary profit sharing from the investment in subsidiaries amounting 152.14 million baht and gain from sale of credit card business which was reported under "Profit from discontinued operations" amounting 128.31 million baht.

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

The Company set up provision at 2,701.45 million baht, accounted for 1.1% of average loan, and decreased comparing with 3,078.65 million baht (YoY), following the effective credit control. This year, the Company also additionally set up general reserve of 113 million baht from the previous year.

(4) Operating Expenses

Non-interest expenses were 8,753.27 million baht, increased by 1,082.56 million baht (14.1% YoY), mainly from an increase in variable expenses associated with revenue and profit growth. Nevertheless, the Company still maintained effective operating cost control, resulting in low cost-to-income ratio at 43.7%.

(5) Corporate Income Tax

In 2018, the corporate income tax was 1,663.02 million baht, equivalent to the effective tax rate of 19.4% unchanged from the previous year.

14.2 Financial Position

(1) Assets

As of December 31, 2018, the Company's total assets were 302,544.63 million baht, decreased by 0.3% (YoY), due to the decline in loan portfolio from 251,383.80 million baht to 240,654.34 million baht (4.3% YoY). Meanwhile, interbank and money market grew from 44,647.15 million baht to 54,071.39 million baht (21.1% YoY), and investment increased from 7,547.14 million baht to 9,012.34 million baht (19.4% YoY).

Table 3: Assets Breakdown as of December 31, 2017 and 2018

Assets	December 31, 2018		December 31, 2017		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,191.80	0.4	1,324.81	0.4	(10.0)
Interbank and Money Market Items	54,071.39	17.9	44,647.15	14.7	21.1
Derivatives	5.68	0.0	-	-	n.a.
Investment – Net	9,012.34	3.0	7,547.14	2.5	19.4
Investments in subsidiaries, associate and JV	800.15	0.3	573.93	0.2	39.4
Corporate Loans	45,048.72	14.9	50,607.52	16.7	(11.0)
Retail Loans	179,045.33	59.2	184,184.72	60.7	(2.8)
Commercial Loans	14,865.66	4.9	15,099.95	5.0	(1.6)
Other Loans	1,694.63	0.6	1,491.61	0.5	13.6
Allowance for doubtful accounts and for loss on debt restructuring	(11,673.64)	(3.9)	(11,456.11)	(3.8)	1.9
Other Assets	8,482.57	2.8	9,367.70	3.1	(9.3)
Total Assets	302,544.63	100.0	303,388.41	100.0	(0.3)

(2) Liabilities

As of December 31, 2018, total liabilities were 264,715.18 million baht, decreased by 1.5% (YoY) due to the decrease in debentures from 63,601.70 million baht to 49,680.00 million baht (21.9% YoY). Whereas, total deposits increased from 188,280.76 million baht to 198,985.23 million baht (5.7% YoY), and interbank and money market increased from 4,017.51 million baht to 4,374.67 million baht (8.9% YoY) The liabilities mix comprised of total deposits including short-term borrowings at 75.2%, interbank and money market items at 1.6%, debentures at 18.8% and 4.4% of other liabilities.

Table 4: Liabilities Breakdown by Area as of December 31, 2017 and 2018

Liabilities	December 31, 2018		December 31, 2017		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	198,985.23	75.2	188,280.76	70.1	5.7
Interbank and money market items	4,374.67	1.6	4,017.51	1.5	8.9
Debentures	49,680.00	18.8	63,601.70	23.7	(21.9)
Others	11,675.28	4.4	12,756.67	4.7	(8.5)
Total Liabilities	264,715.18	100.0	268,656.64	100.0	(1.5)

(3) Shareholders' Equity

As of December 31, 2018, shareholders' equity was 37,829.45 million baht, increased by 3,099.14 million baht (8.9% YoY) from an increase in retained earnings for the year 2018. As a result, the book value per share (BVPS) as of December 31, 2018 was 47.25 baht per share, rose from 43.88 baht per share (YoY).

(4) Liquidity

As of December 31, 2018, The Company's cash was 1,191.80 million baht, decreased by 10.0% (YoY). There was net cash flow used in operating activities total of 4,161.19 million baht mainly contributed by the decrease in short-term debts issued and borrowings while net cash flow used in investing activities totaled 1,468.78 million baht, primarily from the cash paid for purchase of investment in securities held. Meanwhile, the net cash flows from financing activities totaled 5,496.96 million baht, contributed by the cash received from issuance of long-term debentures.

(5) Sources and Uses of Funds

As of December 31, 2018, the funding structure as shown in the consolidated financial statement comprised of 264,715.18 million baht in liabilities and 37,829.45 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 7.0 times. The major source of funds on liabilities side was deposits, which accounted for 65.8% of total source of funds. Other sources of funds included interbank and money market items accounted for 1.4% of total source of funds, 20.3% of debenture and other liabilities, and 12.5% of shareholders' equity, respectively. The Company's major use of funds was loans, amounting 240,654.34 million baht, resulting in a loan-to-deposit ratio¹ of 120.9%. The other uses of funds include interbank and money market items, and various securities.

(6) Contingent liabilities

As of December 31, 2018, TISCO Bank, a subsidiary of The Company, had avals, guarantees, and commitments totaled 3,023.37 million baht, increased by 25.8% (YoY) mainly driven by the foreign exchange contracts.

14.3 Business Segment Performances

(1) Banking Business

Loans

Total loans and receivables as of December 31, 2018 were 240,654.34 million baht, decreased by 10,729.46 million baht (4.3% YoY), mainly driven by the sale of personal loan and credit card loan, together with the highly competitive market condition in housing loan and the write-off of retail loans and commercial loans. The composition of loan portfolio was 74.4% of retail loans, 18.7% of corporate loans, 6.2% of commercial loans and 0.7% of other loans.

Corporate Lending

Corporate Lending portfolio totaled 45,048.72 million baht, declined by 5,558.80 million baht (11.0% YoY), due to the loan repayment from the clients in agriculture and mining sector and real estate and construction sector.

Commercial Loans

Commercial Lending portfolio totaled 14,865.66 million baht, dropped by 234.29 million baht (1.6% YoY) mainly contributed by the loan write-off for asset quality control purposes. Nevertheless, car inventory financing still maintained robust growth throughout the year 2018.

Retail Lending

Retail Lending portfolio totaled 179,045.33 million baht, decreased by 2.8% (YoY). The total retail portfolio as of December 31, 2018 consisted of 73.1% car and motorcycle hire purchase loans, 17.1% Consumer loan, and 9.8% mortgage loans. The outstanding hire purchase loans totaled 130,861.49 million baht, increased by 0.9% (YoY) following the improvement in domestic consumption. The domestic car sale in 2018 was 1,041,739 units, increased by 19.5% (YoY), compared to 871,647 units in 2017. The car penetration rate of TISCO for year was 6.6% (YoY).

Consumer loan amounted 30,602.74 million baht, grew by 3,778.21 million baht (14.1% YoY), from the increased new business through all channels – bank branches and loan offices – aligning with network expansion strategy, especially from the expansion through "Somwang" channels. All in all, at the end of 2018, "Somwang" loan offices totaled 238 branches nationwide.

Mortgage loans totaled 17,581.10 million baht, dropped by 15.3% (YoY) amidst the highly competitive market condition, as well as the loan write-off for asset quality control purposes.

Moreover, during 2018, the Company sold personal loan and credit card loan at the amount around 5,200 million baht.

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

Other Loans

Other Loans portfolio totaled 1,694.63 million baht, decreased by 13.6% from the previous year.

Table 5: Loans and Receivables Breakdown as of December 31, 2017 and 2018

Type of Business	December 31, 2018		December 31, 2017		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	9,699.49	4.0	11,019.73	4.4	(12.0)
Real Estate and Construction	11,386.13	4.7	14,972.95	6.0	(24.0)
Public Utilities and Services	23,289.33	9.7	22,696.33	9.0	2.6
Agriculture and Mining	673.77	0.3	1,918.50	0.8	(64.9)
Corporate Loans	45,048.72	18.7	50,607.52	20.1	(11.0)
Commercial Loans	14,865.66	6.2	15,099.95	6.0	(1.6)
Hire Purchase	130,861.49	54.4	129,719.70	51.6	0.9
Mortgage Loans	17,581.10	7.3	20,757.33	8.3	(15.3)
Consumer Finance Loan	30,602.74	12.7	26,824.54	10.7	14.1
Personal Loan	-	-	3,930.96	1.6	N.A.
Credit card loan	-	-	2,952.19	1.2	N.A.
Retail Loans	179,045.33	74.4	184,184.72	73.3	(2.8)
Others	1,694.63	0.7	1,491.61	0.6	13.6
Total Loans	240,654.34	100.0	251,383.80	100.0	(4.3)

Non-Performing Loans (NPLs) and Loan Loss Provision

At the end of 2018, the Company reported NPLs amounting 6,876.21 million baht, increased by 1,046.85 million baht (18.0% YoY), which comprised of 6,309.06 million baht from the Bank and 567.15 million baht from other subsidiaries. Thus, NPL ratio rose from 2.32% to 2.86% from the previous year. NPL ratio of retail loans, corporate loans, and commercial loans were 3.36%, 1.32%, and 0.75% respectively.

In 2018, the Company has revised the loan classification and the provisioning criteria to be more stringent for installment loans, including mortgage loans and loan against auto licenses, to be in accordance with prudent credit control policy. Consequently, total NPLs as of 2018 increased even though the repayment behavior and overall asset quality of these clients remained stable. The prudent criteria comprehensively consider the payment of installment, principal and interest.

The increase in NPLs of these installment loans was resulted from the difference between the prudent loan classification and current payment hierarchy, where the revision of the payment hierarchy system for consistency is still in process and is expected to be completed in 2019. After the revision, the increased NPLs will reduce back to the level close to the NPLs prior to the change. While the provisioning criteria were conducted based on prudent principle, the NPLs before the revision of the loan classification as of 31 December 2018 would be reported at 2.23%.

Moreover, the Company also managed NPLs through the process of loan write-off of some retail loan portfolio and commercial loan portfolio in order to control the level of NPLs according to the risk management policy to maintain strong financial position.

Loan loss reserve of the Company was 11,673.64 million baht while total loan loss reserve of the Bank was 11,051.80 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 4,615 million baht or accounted 239.3% of minimum loan loss reserve requirement. The loan loss provision coverage ratio at the end of 2018 reported at 169.8%.

Table 7: NPLs Breakdown by Area as of December 31, 2017 and 2018

Type of NPLs	December 31, 2018			December 31, 2017			Change (%YoY)
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and Commerce	2.99	290.02	4.2	2.06	227.38	3.9	27.5
Real Estate and Construction	0.84	95.93	1.4	0.51	76.05	1.3	26.1
Public Utilities and Services	0.68	159.22	2.3	0.66	149.10	2.6	6.8
Agriculture and Mining	7.04	47.43	0.7	1.23	23.63	0.4	100.7
NPLs - Corporate Loans	1.32	592.60	8.6	0.94	476.16	8.2	24.5
NPLs - Commercial Loans	0.75	111.60	1.6	1.27	191.48	3.3	(41.7)
Hire Purchase	2.76	3,611.56	52.5	2.56	3,325.24	57.0	8.6
Mortgage Loans	6.06	1,066.00	15.5	4.08	847.30	14.5	25.8
Consumer Loans	4.39	1,342.43	19.5	3.18	852.68	14.6	57.4
Personal Loan	-	-	-	0.16	6.37	0.1	N/A
Credit Card	-	-	-	0.61	18.07	0.3	N/A
NPLs - Retail Loans	3.36	6,019.99	87.5	2.74	5,049.66	86.6	19.2
Others	8.97	152.02	2.2	7.51	112.05	1.9	35.7
Total NPLs	2.86	6,876.21	100.0	2.32	5,829.35	100.0	18.0

Deposits

Total deposits and borrowings amounted 248,665.23 million baht, decreased by 1.3% (YoY). Total deposits reported at 198,985.23 million baht, increased by 10,704.47 million baht (5.7% YoY) while debentures totaled 49,680.00 million baht, decreased by 13,921.70 million baht (21.9% YoY). As of December 31, 2018, the Bank had liquid assets totaling 61,062.26 million baht, increased by 11,041.89 million baht (22.1% YoY). Thus, the liquid assets were accounted for 24.6% of total deposits and borrowings.

Table 6: Deposits Structure as of December 31, 2017 and 2018

Type of Deposits	December 31, 2018		December 31, 2017		Change (% YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	2,483.56	1.2	3,785.00	2.0	(34.4)
Saving accounts	54,683.84	27.5	64,544.34	34.3	(15.3)
Fixed accounts	40,074.74	20.1	19,860.34	10.5	101.8
Negotiate certificate deposit	95,866.17	48.2	92,614.16	49.2	3.5
Short-term borrowings	5,876.92	3.0	7,476.92	4.0	(21.4)
Total Deposits	198,985.23	100.0	188,280.76	100.0	5.7

(2) Securities Business

In 2018, average daily turnover of TISCO Securities was 2,486.32 million baht, increased by 11.7% (YoY) from 2,226.82 million baht, following an increase in market trading volume amid the capital market volatility. Therefore, brokerage fee income rose by 0.4% (YoY), totaling 834.11 million baht. However, TISCO Securities' market share weakened from 2.6% to 2.5% (YoY). The market share of retail investors dropped from 1.9% to 1.7% (YoY) and the market share of foreign institution sector increased from 2.3% to 2.2% (YoY). Meanwhile, the market share of local institution sector (excluding proprietary trading) increased from 6.4% to 6.5% (YoY). All in all, TISCO brokerage volume comprised of 31.5% of local institutions, 37.8% of foreign institutions, and 30.7% of retail customers.

(3) Asset Management Business

As of December 31, 2018, assets under management of TISCO Asset Management Co., Ltd. reported at 249,061.80 million baht, increased by 3.7% (YoY), from the growth in provident fund business and private fund business. The basic fee income from asset management totaled 1,411.83 million baht, grew by 10.4% (YoY) owing to the issuance of various types of funds corresponding to market demands amidst the volatile capital market.

The composition of total asset under management was 65.1% provident fund, 16.9% private fund, and 18.0% mutual fund. Total market share of TISCO Asset Management Co., Ltd. as of November 30, 2018 was 3.5%, ranking 8th in the market. The market share of provident fund was 14.4%, ranking 2nd in the market. The market share of private fund was 4.3%, ranking 5th in the market and the market share of mutual fund was 0.9%, ranking 14th in the market.

Table 8: Assets under Management Breakdown by Type of Fund as of December 31, 2017 and 2018

Type of Funds	December 31, 2018		December 31, 2017		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	162,127.22	65.1	151,053.43	62.9	7.3
Private Fund	42,064.87	16.9	41,855.28	17.4	0.5
Mutual Fund	44,869.71	18.0	47,334.10	19.7	(5.2)
Total AUMs	249,061.80	100.0	240,242.80	100.0	3.7

14.4 Capital Requirements

As of December 31, 2018, TISCO Group's internal capital stood at 35,427.67 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital increased by 353.16 million baht from the end of 2017 to 14,795.51 million baht, mostly resulting from increasing in market and operational risk capital. In addition, the capital surplus remained strong at 20,632.16 million baht or 58.2% of total capital.

Comparing to the end of year 2017, the credit risk capital stood at 11,901.96 million baht, which increased by 48.28 million baht or 0.4%, while loan portfolio contracted by 4.3% during the year. The non-performing loan of TISCO Group increased from 2.3% to 2.9%.

The market risk capital rose from 125.06 million baht to 265.14 million baht, as a result of an increase in risk capital of investment portfolio along with pressure on SET index. Meanwhile, the overall duration gap increased to 0.85 year, which was in a manageable level. The assets duration increased from 1.32 year to 1.43 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, fell from 0.63 year to 0.58 year.

In terms of regulatory capital requirement of the Bank and Securities Company, the positions were strong and sufficient levels to cushion for the expansion of asset in the future. At the end of December 2018, the projected regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the bank stood at 22.91%, remaining higher than the 10.375% required by the Bank of Thailand. The projected Tier-I and Tier-II capital adequacy ratio stood at 17.85% and 5.06%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 7.875%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 105.91%, which was higher than the minimum required ratio by the SEC of 7.00%.

Table 10: 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, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Assets	1.43	1.32	1,398.00	1,423.78
Liabilities*	0.58	0.63	(1,198.29)	(1,154.74)
Net Gap	0.85	0.69	199.72	269.04

Note: * Exclude saving and current account

14.5 Credit Rating

The Company got credit rating 'A-' and rating outlook "Stable" as at April 25, 2018 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 25, 2018
Company Rating	A-
Rating Outlook	Stable

14.6 Forward Looking

Macro environment that impacted to the Company's operating performance can be categorized into 3 key factors including domestic and global economy, market interest rate trend, and industry car sales. The details are provided as follows;

Domestic economy is expected to grow at moderate pace in 2019. Exports and tourism will be the key growth drivers however the export sectors will likely be decelerated following the Chino-US trade war as well as global economic volatility. Meanwhile, the upcoming of new elected government and spending on government's infrastructure project will be the supporting factors to propel the growth in domestic demand. In addition, private consumption is pressured from the high level of household debt while the lending demand further increased along with the economic expansion.

On market interest rate, the Company anticipates that the Bank of Thailand will possibly raise the policy rate if the economy shows clear signs of expansion while the necessity to depend on accommodative monetary policy has subsided under current economic condition.

For the outlook of domestic car sales, a leading indicator that contributes to hire purchase business, is expected at same level as in 2018. However, the aggressive competition in hire purchase market will be a key challenge in year ahead. In addition, the digital transformation will pave the way for modernize services of financial institution.

Amidst 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 & 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 14, 2019 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
Ms. Oranuch Apisaksirikul	Director and Chairperson of the Executive Board	<i>- Oranuch Apisaksirikul -</i>
Mr. Suthas Ruangmanamongkol	Director and Group Chief Executive	<i>- Suthas Ruangmanamongkol -</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 January 1, 2019

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 20, 2017</p>	70	<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>- IOD Forum: Tough Boardroom Situations - Independent Directors Share Lessons Learned</p> <p>- Board Matters and Trends Program</p> <p>- Audit Committee Program</p> <p>- Role of the Chairman Program</p> <p>- Director Certification Program</p> <p>- Thai Institute of Directors</p> <p>- Executive Program in Energy Literacy for a Sustainable Future (Class 5)</p> <p>- Thailand Energy Academy</p> <p>- Certificate of Capital Market Academy Leadership Program (Class of 10th)</p> <p>- 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</p> <p>- KQ Consulting Company Limited</p> <p>- Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society</p> <p>- Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</p> <p>- Situation, Trend and Growth of Sustainability Development</p> <p>- Thaipat Institute</p> <p>- Role of Financial Sector in Fighting Corruption</p> <p>- Thai Institute of Directors</p>	<p>Common 2,221,010 (0.28)</p> <p>Preferred -</p>	-	<p>2012-Present 2010-Present 2012-Present 2009-Present</p> <p>2016-Present</p> <p>2012-Present</p> <p>2012-2015</p> <p>2016-Present</p> <p>2011-Present</p> <p>2010-Present</p> <p>2011-Present</p> <p>2011-Present</p> <p>2015-2018</p> <p>2007-2015</p> <p>2013-2015</p>	<p><u>TISCO Group</u> Independent Director Chairman of the Board of Directors Independent Director Chairman of the Board of Directors <u>Others Company with Conflict of Interest</u> - <u>Other Listed Company</u> Vice Chairman Member of Human Resources Committee</p> <p>Independent Director Chairman of the Audit Committee Chairman of the Nomination and Remuneration Committee</p> <p><u>Others Non-Listed Company</u> Director</p> <p>Director</p> <p>Director</p> <p><u>Others Organization</u> Vice Chairman Director 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>Amata Spring Development Company Limited (Golf and country club)</p> <p>Chuchawal-Royal Haskoning Limited (Engineering Consultant)</p> <p>Design 103 International Limited (Architect Consultant)</p> <p>TISCO Foundation</p> <p>Sem Pringuangkeo Foundation</p> <p>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> <p>The Director's date of latest appointment: April 20, 2017</p>	41	<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>2017-Present</p> <p>2015-Present</p> <p>2012-Present</p> <p>2012-Present</p> <p>2008-Present</p>	<p><u>TISCO Group</u> 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> - <u>Others Listed Company</u> Independent Director</p> <p><u>Others Non-Listed Company</u> Chairman Chief Executive Officer Chief Executive Officer</p> <p>Chief Executive Officer</p> <p>Senior Advisor</p> <p><u>Others Organization</u> -</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p> <p>Shin Kong Textile Public Company Limited (Import and Export Industry)</p> <p>Cottonwood Group (Real Estate)</p> <p>Boston Seaport M1&2 Development Limited Liability Company (Real Estate)</p> <p>5th Ave Gateway Development Limited Liability Company (Real Estate)</p> <p>CDIB & Partners Investment Holding Corporation (Investment)</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)
<p>4. Assoc. Prof. Dr. Angkarat Priebjrivat Independent Director Chairperson of the Audit Committee</p> <p>The Director's date of first appointment: September 4, 2008</p> <p>The Director's date of latest appointment: April 20, 2017</p>	63	<p>Doctor of Philosophy (Accounting) New York University, USA Master of Science (Accounting) Bachelor of Business Administration (Accounting) Thammasat University</p> <p>- 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 Accreditation 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</p> <p><u>In-House Training</u> - 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</p>	<p>Common - Preferred -</p>	-	<p>Apr2013-Present 2008-Present Apr2013-Present</p> <p>2014-Present 2008-Present</p> <p>2016-present</p> <p>2018-present 2018-present</p> <p>2009-2015</p> <p>2012-Present 2002-Present</p> <p>1992-Present 2014-2018 1997-2015 2006-2015 2012-2014 2012-2013</p>	<p><u>TISCO Group</u> Chairperson of the Audit Committee Independent Director Chairperson of the Audit Committee Independent Director</p> <p><u>Other Company with Conflict of Interest</u> -</p> <p><u>Others Listed Company</u> Chairperson of the Risk Management Committee Independent Director Chairperson of the Audit Committee</p> <p><u>Others Non-Listed Company</u> Director and Risk Management Committee</p> <p><u>Others Organization</u> Member of Finance and Accounting Subcommittee Advisor to the Fundraising and the Listing and Disclosure Department Independent Director Member of the Audit Committee Member of the Risk Management Committee Member Accounting & Corporate Governance Steering Group Member of the Audit Committee Government Accounting Standards Committee</p> <p>Advisor to the Listing and Disclosure Department Director and Member of the Audit Committee Associate Professor Chairperson of the Supervisory Committee Advisor to the Audit Committee Subcommittee on Finance, Budget, and Investment</p>	<p>TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)</p> <p>COL Public Company Limited (Supplier of full line office products)</p> <p>TSFC Securities Public Company Limited (Liquidity provider to securities business)</p> <p>State Railway of Thailand The Securities and Exchange Commission</p> <p>Thai Public Broadcasting Service (Thai PBS) The Comptroller General's Department, Ministry of Finance The Stock Exchange of Thailand Tourism Authority of Thailand National Institute of Development Administration The ABF Thailand Bond Index Fund Government Pension Fund Mass Rapid Transit Authority of Thailand</p>
<p>5. Prof. Dr. Pranee Tinakorn Independent Director Chairperson of the Nomination and Compensation Committee</p> <p>The Director's date of first appointment: December 30, 2008</p> <p>The Director's date of latest appointment: April 20, 2017</p>	69	<p>Doctor of Philosophy (Economics) Master of Arts (Economics) University of Pennsylvania, USA Bachelor of Arts (Economics) Swarthmore College, USA</p> <p>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 System of the Internal Audit Function Program - Audit Committee Program - Director Accreditation Program Thai Institute of Directors</p>	<p>Common - Preferred -</p>	-	<p>Apr2013-Present 2008-Present 2008-Apr2013 2009-2013</p> <p>Dec2018-Present 2014-2016 Sep2012-Aug2016</p> <p>Feb2018-Present</p> <p>Jun2017-Present</p>	<p><u>TISCO Group</u> Chairperson of the Nomination and Compensation Committee Independent Director Member of the Audit Committee Independent Director Member of the Audit Committee</p> <p><u>Other Company with Conflict of Interest</u> -</p> <p><u>Others Listed Company</u> -</p> <p><u>Others Non-Listed Company</u> -</p> <p><u>Others Organization</u> Audit Committee Chairperson of the Audit Committee Board of Governors of Thai Public Broadcasting Service (Thai PBS) Associate Fellow of the Office of the Royal Society, the Academy of Moral and Political Sciences, Social Science, Economics</p> <p>Director of the Economics Vocabulary Glossary</p>	<p>TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)</p> <p>Thai Public Broadcasting Service (Thai PBS)</p> <p>Office of the Royal Society</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)
		<p><u>In-House Training</u></p> <ul style="list-style-type: none"> - 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 - Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours CAPCO - The Capital Markets Company Limited 			<p>2009-Present 2008-Present 2005-Present 1979-2013</p>	<p>University Council Director Executive Director Member of TDRI Council of Trustees Professor of Economics Faculty</p>	<p>Krirk University Thailand Development Research Institute (TDRI) Thammasat University</p>
<p>6. Ms. Patareeya Benjapolchai</p> <p>Independent Director Chairperson of the Corporate Governance Committee Member of the Audit Committee</p> <p>The Director's date of first appointment: June 16, 2010</p> <p>The Director's date of latest appointment: April 20, 2017</p>	64	<p>Master of Business Administration</p> <ul style="list-style-type: none"> - Thammasat University Certificate, Advanced Accounting and Auditing Bachelor of Accountancy (Accounting) Chulalongkorn University - IOD (Singapore) 2017 Flagship Conference "The Sustainability Imperative" Singapore Institute of Directors (SID) - IOD (UK) Annual Convention 2016 "Thriving in a Changing World" The Institute of Directors (UK) - Driving Company Success with IT Governance - Director Certification Program Update - Financial Institutions Governance Program - Certificate of Director Certification Program (DCP 1) Thai Institute of Directors - Certificate of Capital Market Academy Leadership Program Capital Market Academy - The Executive Program University of Michigan, USA <u>In-House Training</u> - 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 	<p>Common - Preferred -</p>	-	<p>Aug2013-Present 2011-Present 2010-Present 2011-Present 2016-Present 2014-Present 2013-Present 2010-Present Feb2017-Present Feb2017-Present 2010-2017 2015-Present 2013-Present 2013-Present 2010-Present 2011-2014 2013-Present 2010-Present 2010-Present 2007-Present 2002-2017 2011-2017 2011-2016</p>	<p><u>TISCO Group</u></p> <p>Chairperson of the Corporate Governance Committee Member of the Audit Committee Independent Director Independent Director Member of the Audit Committee <i>Other Company with Conflict of Interest</i> - <u>Others Listed Company</u></p> <p>Independent Director Member of the Audit Committee Chairperson of the Governance and Nomination Committee Independent Director Chairperson of the Audit Committee Member of Corporate Governance Committee Member of Remuneration Committee <u>Others Non-Listed Company</u></p> <p>Independent Director Chairperson of the Audit Committee Director</p> <p><u>Others Organization</u></p> <p>Advisor for Civil Penalty Member of the Acquisition of Securities for Business Take-Overs Subcommittee Directors' Responsibilities Steering Committee Older Fund Administration Committee Member of the SET AWARD Committee and Corporate Governance Subcommittee Corporate Governance and Corporate Social Responsibility Specialist Advisor Director, Award Committee, Board of the Year Award Director of Revolving Fund Evaluation Committee Director Associate Judge of the Central Intellectual Property and International Trade Court Honorary Advisor Director</p> <p>Ethics Committee</p> <p>Chairperson of the Audit Committee</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p> <p>Thaicom Public Company Limited (Telecommunication)</p> <p>MCOT Public Company Limited (Mass Communication)</p> <p>Bangkok Glass Public Company Limited (Packaging Material and Container) Baan Ruam Tang Phun Company Limited (Property Development)</p> <p>The Securities and Exchange Commission</p> <p>Ministry of Social Development and Human Security The Stock Exchange of Thailand</p> <p>Thai Institute of Directors</p> <p>Ministry of Finance Thai Listed Companies Association The Central Intellectual Property and International Trade Court The Institute of Internal Auditors of Thailand Krabi Petra Company Limited (Property Development) Federation of Accounting Professions Under The Royal Patronage of His Majesty The King The Office of the Agricultural Futures Trading Commission</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)
<p>7. Ms. Panada Kanokwat Independent Director Member of the Corporate Governance Committee</p> <p>The Director's date of first appointment: September 4, 2008</p> <p>The Director's date of latest appointment: April 20, 2017</p>	69	<p>Master of Business Administration (Banking & Finance) North Texas State University, USA</p> <p>Bachelor of Business Administration (Accounting) Thammasat University</p> <p>- Board Matters and Trends (BMT 6/2018)</p> <p>- Breakfast Talk 3/2017 "Corporate Disclosures: What are investors looking for beyond financial measures?"</p> <p>- Director Certification Program Update</p> <p>- Risk Management Committee Program</p> <p>- Anti-Corruption for Executive Program</p> <p>- Financial Institutions Governance Program</p> <p>- Director Certification Program</p> <p>- Director Accreditation Program</p> <p>Thai Institute of Directors</p> <p>- Certificate of Capital Market Academy Leadership Program Capital Market Academy</p> <p>- Certificate of Executive Program in International Management Stanford-National University of Singapore</p> <p>- Certificate of Building, Leading & Sustaining Innovation Organization Management Sloan School of Management, Massachusetts Institute of Technology, USA</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>- Situation, Trend and Growth of Sustainability Development Thaipat Institute</p> <p>- Role of Financial Sector in Fighting Corruption Thai Institute of Directors</p> <p>- Opportunities in Financial Services as a result of Digital disruption and changing customer behaviours, CAPCO-The Capital Markets Company Limited</p>	<p>Common -</p> <p>Preferred -</p>	-	<p>Apr2014-Present 2008-Present 2013-2014 2013-Apr2014 2008-Apr2014</p> <p>Apr2017-Present 2016-Present</p> <p>Apr2017-Present 2014-Present 2014-Present</p> <p>2015-May2017</p> <p>2014-Present 2010-2014</p>	<p><u>TISCO Group</u> Member of the Corporate Governance Committee Independent Director Member of the Audit Committee Member of the Audit Committee Independent Director <u>Others Company with Conflict of Interest</u> - <u>Others Listed Company</u> Member of the Corporate Governance Committee Independent Director Member of the Audit Committee</p> <p>Member of the Corporate Governance Committee Independent Director Member of the Audit Committee <u>Others Non-Listed Company</u> Chairperson of Audit Committee Independent Director <u>Others Organization</u> Member of Risk Management Subcommittee Committee, The Bachelor's Degree in Business Administration (International Program)</p>	<p>TISCO Financial Group Public Company Limited (Holding Company)</p> <p>TISCO Bank Public Company Limited (Commercial Bank)</p> <p>PTT Exploration and Production Public Company (Oil and gas exploration and production)</p> <p>Global Power Synergy Public Company Limited (Generate and Supply Electricity, Steam, and Processed Water)</p> <p>Asia Biomass Company Limited (Biomass Fuel)</p> <p>Government Pension Fund Faculty of Commerce and Accountancy, Thammasat University</p>
<p>8. Prof. Dr. Teerana Bhongmakapat Director Member 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 20, 2017</p>	62	<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> <p>- Boards that Make a Difference (BMD 8/2018)</p> <p>- Audit Committee Forum 2017 "The Audit Committee's Role in Compliance and Ethical Culture Oversight"</p> <p>- Driving Company Success with IT Governance</p> <p>- Director Certification Program Update</p> <p>- Financial institutions Governance Program</p> <p>- Director Certification Program Thai Institute of Directors</p> <p>- Workshop on "Board Oversight of Cyber Risk Management" Securities and Exchange Commission, Thailand</p> <p>- Audit Committee Forum 2016 "New Auditor's Report: What's in it for you?"</p> <p>Federation of Accounting Professions Under The Royal Patronage of His Majesty The King in association with Thai</p>	<p>Common -</p> <p>Preferred -</p>	-	<p>May2017-Present May2017-Present 2017-Present Apr2014-Apr2017 Apr2013-Apr2017 Apr2014-Apr2017</p> <p>2012-Present</p> <p>2018-Present 2018-Present 2018-Present 2016-Present</p>	<p><u>TISCO Group</u> Director Member of the Corporate Governance Committee Advisor to the Economic Strategy Unit (TISCO ESU) Member of the Audit Committee Independent Director Independent Director Member of the Audit Committee <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> Independent Director Chairman of Audit Committee <u>Others Non-Listed Company</u> - <u>Others Organization</u> Chairman of Performance Evaluation Committee Honorary Director of Smart City Committee Member of Academic Rank Committee Member of Academic Rank Committee</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>Thai Health Promotion Foundation Office of the Prime Minister Thammasat University Ramkhamhaeng 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)
		Institute of Directors - Certificate of Executive Leadership Program Capital Market Academy <u>In-House Training</u> - 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			2016-Present 2016-Present 2014-2016 2012-2016 2009-2016 2013-Present 2011-Present 2014-2017 2012-2015 2011-2015 2010-2015 2011-2014	Member of Academic Rank Committee Chairman of the Research Centre Committee Journal editors Subcommittee on Law and Economics Subcommittee on Research Affairs Director of Contemplative Education Center Professor of Economics (C11) President Subcommittee on Determination of License Fees and Price Structure in Broadcasting Services Chairman and Financial Institutions and Trader Supervision in accordance with Anti-Money Laundering Act Eminent Member, Anti-Money Laundering Committee (AMLO) Advisor to Subcommittee on Monetary Policy, Finance and Budget Administration	Buriram Rajabhat University Office of National Anti-Corruption Commission Mahidol University Chulalongkorn University Community Prevention and Wellness Initiative Foundation Office of the National Broadcasting and Telecommunications Commission (NBTC) Anti-Money Laundering Office (AMLO) The Senate of Thailand
9. Mr. Sathit Aungmanee Independent Director Member of the Audit Committee Member of the Nomination and Compensation Committee The Director's date of first appointment: April 30, 2014 The Director's date of latest appointment: April 20, 2017	72	Master of Business Administration (Finance) Fairleigh Dickinson University, USA Bachelor of Business Administration (Accounting) Thammasat University - Director Forum 2017 "The Board's Role in CEO Succession Planning" Thai Institute of Directors <u>In-House Training</u> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - 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 150,035 (0.01) Preferred -	-	May2017-Present 2016-Present Jun2015-Present 2014-Apr2017 2014-2016 Aug2013-2014 May2017-Present 2016-Present 2014-2016	<u>TISCO Group</u> Member of the Audit Committee Independent Director Member of the Nomination and Compensation Committee Member of the Corporate Governance Committee Director Advisor to the Corporate Governance Committee Member of the Audit Committee Independent Director Director <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> - <u>Others Non-Listed Company</u> - <u>Others Organization</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)
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 20, 2017	41	Master of Science (Finance) Bentley University, USA Master of Business Administration Boston University, USA Bachelor of Arts (Economics) Taipei University, Taiwan	Common - Preferred -	-	2012-Present 2011-Present Apr2014-Present 2012-Present 2013-Present	<u>TISCO Group</u> Member of the Executive Board Director 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</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) CDIB & Partners Investment Holding Corporation (Investment)



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 - Role of Financial Sector in Fighting Corruption, Thai Institute of Directors - Opportunities in Financial Services as a result of Digital disruption and 					
14. Mr. Pitada Vatcharasiritham Senior Executive Vice President	54	<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 Thai Institute of Directors 	Common - Preferred -	-	Jan2013-Present 2010-Present 2011-Present	<i>TISCO Group</i> Senior Executive Vice President Senior Executive Vice President - Corporate Banking Director <i>Others</i> -	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	57	<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 <u>In-House Training</u> - 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 -	-	Feb2017-Present Jul2013-Jan2017 Feb2017-Present Jul2013-Jan2017 Mar2017-Present	<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> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Tokyo Leasing Company Limited (Leasing)
16. Mr. Metha Pingsuthiwong Senior Executive Vice President	51	<ul style="list-style-type: none"> Master of Business Administration (Finance) University of Wisconsin-Milwaukee, USA Bachelor of Engineering (Electrical Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors <u>In-House Training</u> - 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 2017-Present 2017-Present Apr2017-Present 1999-Present	<i>TISCO Group</i> 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 Director Director Director <i>Others</i> 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) Deutsche TISCO Investment Advisory Company Limited (Investment Advisory) K-Line (Thailand) Company Limited (Transportation)

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)
19. Mr. Rungroj Jarasvijitkul Executive Vice President	52	Master of Business Administration Bachelor of Business Administration (Finance) Chulalongkorn University <u>In-House Training</u> - 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 -	-	Mar2017-Present Feb2017-Present 2015-Jan2017 2009-2015 Sep2018-Present	<u>TISCO Group</u> Executive Vice President Executive Vice President Retail Banking - Sales & Marketing 1 Assistant Executive Vice President - Retail Banking - Product & Marketing Deputy Head of Retail Banking - Bangkok Channel Head of Bangkok Channel Director <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) TISCO Insurance Solution Company Limited (Insurance)
20. Mr. Yuttpong Sriwongjanya Executive Vice President	52	Master of Business Administration The University of Mississippi, USA Bachelor of Science (Materials Science) Chulalongkorn University - Financial Executive Development Program (FINEX) The Thai Institute of Banking and Finance Association <u>In-House Training</u> - 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 Jul2013-2015 2016-Present 2013-Present	<u>TISCO Group</u> Executive Vice President Executive Vice President Retail Banking - Sales & Marketing 2 Assistant Executive Vice President - Retail Banking - Branch Channel Assistant Executive Vice President - Branch Channel Sales Director Director <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) All-Ways Company Limited (Services) Hi-Way Company Limited (Hire Purchase)
21. Mr. Dejphinun Suthadsanasoung Executive Vice President	47	Master of Business Administration Eastern Michigan University, USA Bachelor of Business Administration (Finance) Assumption University <u>In-House Training</u> - 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 Feb2017-Present 2010-Jan2016 2016-Present 2008-Present	<u>TISCO Group</u> Executive Vice President Executive Vice President Retail Banking - Operations Assistant Executive Vice President - Retail Banking Operations Director Director <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank) All-Ways Company Limited (Services) Hi-Way Company Limited (Hire Purchase)
22. Mr. Picha Ratanatam Executive Vice President	47	Master of Business Administration (Finance) San Diego State University Bachelor of Business Administration (Applied Statistics) Chulalongkorn University - Financial Executive Development (FINEX) The Thai Institute of Banking and Finance Association <u>In-House Training</u> - 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-Jan2016 2010-Present	<u>TISCO Group</u> Executive Vice President Executive Vice President - Wealth Management Assistant Executive Vice President - Wealth Management Head of Wealth Management <u>Others</u> -	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)
23. Mr. Pairat Srivilairit Corporate Secretary Executive Vice President Head of Governance Office	53	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> - 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 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 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) The Comptroller General's Department The Comptroller General's Department Bangkok Metropolitan Administration
24. Ms. Pavinee Ongvasith Executive Vice President	50	Master of Finance/Management/Economics University of Oregon Bachelor of Engineering Chulalongkorn University <u>In-House Training</u> - 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 -	-	2017-Present 2018-Present 2016-Present 2011-2017 2018-Present	<u>TISCO Group</u> Executive Vice President Chief Executive Director Head of Asset Management – Investment <u>Others</u> Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Asset Management Company Limited (Asset Management) Fitch Ratings Limited (Provider of credit ratings)
25. Mr. Theeranat Rujimethapas Assistant Executive Vice President	51	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 <u>In-House Training</u> - Cybersecurity Threatscape and You TISCO Financial Group Public Company Limited - Understanding Cryptocurrency, Blockchain, and Digital Asset and the opportunity in Thailand	Common 8,000 (0.00) Preferred -	-	Present 2018-Present 2009-Present 2018-Present	<u>TISCO Group</u> Assistant Executive Vice President Chief Operating Officer President Director <u>Others</u> Director	TISCO Financial Group Public Company Limited (Holding Company) TISCO Asset Management Company Limited (Asset Management) Association of Investment Management Companies

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)
		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					
26. Rachada Pruksanubal Assistant Executive Vice President	48	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 -	-	2018-Present 2004-2018	<i>TISCO Group</i> Head of Banking Services Acting Head of Treasury Acting Head of Fund Operation Deputy Head of Wealth Management/Head of Treasury <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Bank Public Company Limited (Commercial Bank)
27. Ms. Wanthana Chotchaisathit Assistant Executive Vice President Information Technology	53	Master of Business Administration Bachelor of Science (Statistics) Kasetsart University	Common - Preferred -	-	2018-Present 2018-Present 2014-2018	<i>TISCO Group</i> Assistant Executive Vice President - Information Technology Managing Director Managing Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Information Technology Company Limited (Information Technology)
28. Mr. Nipon Wongchotiwat Head of Enterprise Risk Management	41	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 (Services)
29. Mr. Puvarin Kullaphatkanon Head Of Risk & Business Analytics	38	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 2010-2014	<i>TISCO Group</i> Head Of Risk & Business Analytics Head of Risk Research <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company)
30. Ms. Chutintorn Vigasi Head of Corporate Accounting	55	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	42	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	42	Master of Science (Finance) Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	Common - Preferred -	-	Jan2019-Present Jul2013-Present	<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)

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)
33. Mr. Pichit Treethephasumphan Head of Appraisal & Valuation	45	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	61	Bachelor of Accountancy (Accounting) Thammasat University - Corporate Governance for Capital Market Intermediaries (CGI15/2016) Thai Institute of Directors	Common - Preferred -	-	Jul2013-Present Sep2013-Present 2009-Present 2009-Present	<i>TISCO Group</i> Head of Corporate Compliance Director Director and Member of the Audit Committee Director and Member of the Audit Committee <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) Deutsche TISCO Investment Advisory Company (Investment Advisory) TISCO Securities Company Limited (Securities) TISCO Asset Management Company Limited (Asset Management)
35. Ms. Maneerat Wattanakaj Head of Compliance - Banking Business	49	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	49	Bachelor of Accountancy (Second Class Honors) University of the Thai Chamber of Commerce	Common - Preferred -	-	Mar2017-Present 2014-Feb2017 2010-2014	<i>TISCO Group</i> Head of Compliance - Asset Management Business Senior Compliance Officer - Asset Management Business 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	48	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 Operation Risk Management	47	Master of Science (Computer Information System) Assumption University Bachelor of Accountancy Chulalongkorn University	Common - Preferred -	-	Aug2014-Present 2008-2014	<i>TISCO Group</i> Head of Operational Risk Management <i>Others</i> First Vice President	TISCO Financial Group Public Company Limited (Holding Company) Industrial and Commercial Bank of China (Thai) Public Company Limited (Commercial Bank)
39. Ms. Nudtinee Suwanpanitch Head of Legal Office	45	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)

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)
40. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	48	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 Acting Head of Credit Review Assistant Head of Internal Audit	49	Master of Science (Business Economic) National Institute of Development Administration Bachelor of Accountancy Thammasat University	Common - Preferred -	-	Jul2018-Present Feb2013-Present	<i>TISCO Group</i> 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	43	Master of Science Programme in Information Technology King Mongkut's University of Technology Thonburi (KMUTT)	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)
43. Ms. Nartrudee Siwabut Head of Corporate Communication	58	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)
44. Mr. Komsorn Prakobphol Head of Economic Strategy Unit	39	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)
45. Mr. Somchat Lapapong Head of Corporate Services	56	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)
46. Ms. Aree Archamongkol Head of Corporate Sourcing & Vendor Management	49	Master of Science, Management Information System, Chulalongkorn University Bachelor of Science, Mathematics (Second class honors) Prince of Songkla University	Common - Preferred -	-	2018-Present 2014-2018 2013-2014	<i>TISCO Group</i> Head of Corporate Sourcing & Vendor Management Head of IT Sourcing & Vendor Management Assistant Head of IT Business Alignment <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Information Technology Company Limited (Information Technology)
47. Mr. Watsakorn Thepthim Head of Human Resources	46	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 TISCO Learning Center Director <i>Others</i> -	TISCO Financial Group Public Company Limited (Holding Company) TISCO Learning Center Company Limited (Learning Center)

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)
48. Mr. Kittipong Tiyaboonchai Head of Human Resources Management	46	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)	-	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	34	Master of Arts (Industrial and Organizational Psychology) Chulalongkorn University Bachelor of Arts Chulalongkorn University	Common	-	-	Feb2017-Present Mar2016-Jan2017 Mar2015-Feb2016 Aug2014-Mar2015 2007-2014	<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> HR Supervisor	TISCO Financial Group Public Company Limited (Holding Company) AJINOMOTO Company (Thailand) Limited (Food Industries)

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, 2019)

No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2018	As of January 1, 2019	Increase (Decrease) During the Year	As of January 1, 2018	As of January 1, 2019	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	Ms. Oranuch Apisaksirikul	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
4	Assoc. Prof. Dr. Angkarat Priebjriwat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
5	Prof. Dr. Pranee Tinakorn	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
6	Ms. Patareeya Benjapolchai	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
7	Ms. Panada Kanokwat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
8	Prof. Dr. Teerana Bhongmakapat	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
9	Mr. Sathit Aungmanee	100,035	150,035	50,000	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	-
10	Mr. Chi-Hao Sun (Mr. Howard Sun)	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
11	Mr. Suthas Ruangmanamongkol	3,644,000	3,700,000	56,000	-	-	-	0.46
	Including spouse and minor children	-	-	-	-	-	-	-
12	Ms. Krisna Theravuthi	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
13	Mr. Sakchai Peechapat	66,177	66,177	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
14	Mr. Pitada Vatcharasiritham	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
15	Mr. Chalit Silpsirikul	-	-	-	-	-	-	-
	Including spouse and minor children	79	79	-	-	-	-	0.00
16	Mr. Metha Pingsuthiwong	195,800	195,800	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	-
17	Mr. Paiboon Nalinthangkurn	286,000	286,000	-	-	-	-	0.04
	Including spouse and minor children	-	-	-	-	-	-	-

No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2018	As of January 1, 2019	Increase (Decrease) During the Year	As of January 1, 2018	As of January 1, 2019	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	Mr. Theeranat Rujimethapass	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
26	Ms. Rachada Pruksanubal	-	79,000	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
27	Ms. Wanthana Chotchaisathit	-	-	-	-	-	-	-
	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	-	-	-	-	-	-	-
35	Ms. Maneerat Wattanajak	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-

No.	Name	Common Shares			Preferred Shares			Total Shareholding (Percentage)
		As of January 1, 2018	As of January 1, 2019	Increase (Decrease) During the Year	As of January 1, 2018	As of January 1, 2019	Increase (Decrease) During the Year	
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 Chotethanaprasith	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
42	Mr. Ekarat Pongkitivanitchkul	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
43	Ms. Nartrudee Siwabut	126,500	120,000	(6,500)	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	-
44	Mr. Komsorn Prakobphol	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
45	Mr. Somchat Lapapong	-	-	-	-	-	-	-
	Including spouse and minor children	-	-	-	-	-	-	-
46	Ms. Aree Archamongkol	-	-	-	-	-	-	-
	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	-	-	-	-	-	-	-

Attachment 2 Details of Directors and Management in a Subsidiaries Company (as of January 1, 2019)

	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.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
1.	Mr. Pliu Mangkornkanok	ID, C	ID, C	-	-	-	-	-	-	-	-	-	-
2.	Mr. Hon Kit Shing (Alexander H. Shing)	NED, VC, NCC	-	-	-	-	-	-	-	-	-	-	-
3.	Ms. Oranuch Apisaksirikul ⁴	ED, CEBD	ED, CEBD	C, AC	-	-	-	-	-	-	-	-	-
4.	Assoc. Prof. Dr. Angkarat Priebjriwat	ID, CAC	ID, CAC	-	-	-	-	-	-	-	-	-	-
5.	Prof. Dr. Pranee Tinakorn	ID, CNCC	-	-	-	-	-	-	-	-	-	-	-
6.	Ms. Patareeya Benjapolchai	ID, CCGC	-	-	-	-	-	-	-	-	-	-	-
7.	Ms. Panada Kanokwat	ID, CGC, AC	ID, AC	-	-	-	-	-	-	-	-	-	-
8.	Prof. Dr. Teerana Bhongmakapat	NED, CGC	-	-	-	-	-	-	-	-	-	-	-
9.	Mr. Sathit Aungmanee	ID, AC, NCC	ID, AC	-	-	-	-	-	-	-	-	-	-
10.	Mr. Chi-Hao Sun (Howard Sun)	ED, EBD	ED, EBD	-	-	-	-	-	-	-	-	-	-
11.	Mr. Suthas Ruangmanamongkol	ED, EBD, GCEO	ED, EBD	-	C, AC	-	-	-	-	-	-	-	-
12.	Ms. Krisna Theravuthi	A	-	-	-	-	-	-	-	-	-	-	-
13.	Mr. Sakchai Peechapat ³	PRES, COO	ED, EBD, PRES	-	-	-	-	-	-	-	-	-	-
14.	Mr. Pitada Vatcharasiritham ³	SEVP	SEVP	D	-	-	-	-	-	-	-	-	-
15.	Mr. Chalit Silpsrikul ³	SEVP	SEVP	-	-	-	-	-	-	-	C	-	-
16.	Mr. Metha Pingsuthiwong ³	SEVP	SEVP	D	D	-	-	-	-	-	-	D	-
17.	Mr. Paiboon Nalinthrangkurn ³	FEVP	-	D, CEO	-	-	-	-	-	-	-	C, CEO	-
18.	Mr. Chatri Chandrangam	FEVP	-	D	D	D	D	-	D	-	-	D	-
19.	Mr. Rungroj Jarasvijitkul	EVP	EVP	-	-	-	-	D	-	-	-	-	-

¹ Deutsche TISCO Investment Advisory Co., Ltd is a Joint Venture of TISCO Securities and Deutsche Bank

² HTC Leasing Co., Ltd. is a Joint Venture of TISCO Tokyo Leasing Co., Ltd.

³ TISCO Financial Group's management seconded to manage subsidiary companies

⁴ Ms. Oranuch Apisaksirikul was resigned as a Director of TISCO Securities Company Limited, which effective from January 8, 2019.

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.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
20. Mr. Yutpong Sriwongjanya	EVP	EVP	-	-	C	-	-	-	D	-	-	-
21. Mr. Dejphinun Suthadsanasoung	EVP	EVP	-	-	-	-	-	-	D	D	-	D
22. Mr. Picha Ratanatam	EVP	EVP	-	-	-	-	-	-	-	-	-	-
23. Mr. Pairat Srivilairit	CS, EVP, DH	CS	CS	CS	D	D	-	D	-	-	CS	-
24. Ms. Pavinee Ongvasith	EVP	-	-	D, CEO	-	-	-	-	-	-	-	-
25. Mr. Theeranat Rujimethapass	EVP	-	-	D, PRES	-	-	-	-	-	-	-	-
26. Ms. Rachada Pruksanubal	EVP	-	-	-	-	-	-	-	-	-	-	-
27. Ms. Wanthana Chotchaisathit	EVP	-	-	-	-	D	-	-	-	-	-	-
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. Ms. Nartrudee Siwabut	FH	-	-	-	-	-	-	-	-	-	-	-
44. Mr. Komsorn Prakobphol	FH	-	-	-	-	-	-	-	-	-	-	-
45. Mr. Somchat Lapapong	FH	-	-	-	-	-	-	-	-	-	-	-
46. Ms. Aree Archamongkol	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.	Deutsche TISCO Investment Advisory Co., Ltd. ^{/1}	HTC Leasing Co., Ltd. ^{/2}
47. Mr. Watsakorn Thepthim	DH	-	-	-	-	-	-	D, H	-	-	-	-
48. Mr. Kittipong Tiyaboonchai	FH	-	-	-	-	-	-	-	-	-	-	-
49. Ms. Chutiporn Luangrungsawang	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
 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

GCE = 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, 2019)

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 Head of Governance Office	53	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> - 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	Common - Preferred -	-	Feb2017-Present Sep2013-Present 2013-2016 Sep2013-Present Sep2013-Present Sep2013-2018 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 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 (Leasing) The Comptroller General's Department The Comptroller General's Department Bangkok Metropolitan Administration
2. Ms. Dulyarat Taveebhol Head of Corporate Compliance	61	Bachelor of Accountancy (Accounting) Thammasat University - Corporate Governance for Capital Market Intermediaries (CGI15/2016) Thai Institute of Directors	Common - Preferred -	-	Jul2013-Present 2010-Jun2013 Sep2013-Present 2009-Present 2009-Present	<u>TISCO Group</u> Head of Corporate Compliance Assistant Head of Corporate Office Director Director and Member of the Audit Committee Director and Member of the Audit Committee <u>Others</u> -	TISCO Financial Group Public Company Limited (Holding Company) Deutsche TISCO Investment Advisory Company (Investment Advisory) TISCO Securities Company Limited (Securities) TISCO Asset Management Company Limited (Asset Management)
3. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	48	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 Preferred (0.00) -	-	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

Assets	Value Appraisal as of 31 December 2018	Objective	Appraised by	Report Date	Appraiser Name
Office Condominium and Building Improvement	2,499,600,000	To comply with Bank of Thailand Notification No. SorNorSor. 7/2558 Re: Component of Capital Fund for Commercial Bank Registered in Thailand and Accounting Standard of Land, Building and Equipment	CBRE (Thailand) Company Limited	7 November 2018	Penthida Srisawang

Attachment 5

Report of the Executive Board

During the Year 2018, the Executive Board of TISCO Financial Group Public Company Limited comprised four executive directors as follows.

- | | | |
|----|------------------------------|--|
| 1. | Ms. Oranuch Apisaksirikul | Chairperson |
| 2. | Mr. Chi-Hao Sun (Howard Sun) | Member |
| 3. | Mr. Takashi Kurome | Member (<i>January 1 – April 23, 2018</i>) |
| 4. | Mr. Suthas Ruangmanamongkol | Member |

All above directors are members of the Executive Board throughout the Year 2018 except Mr. Takashi Kurome who was member during January 1 - April 23, 2018 only as he notified his intent not to be re-nominated for director position after the end of his term.

In 2018, the Executive Board convened twelve meetings 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. Reviewed TISCO Group's risk profiles and acknowledged the activities of the Risk Management Committee, Credit Committee, and Problem Loan Committee,
6. Approved major credit decisions and revision of credit policies and guidelines,
7. Conducted the assessment of the adequacy of the internal control system and proposed for the Audit Committee's review and to the Board of Directors for approval,
8. Reviewed and approved major business decisions involving high risk, especially the deal of selling the credit card business to Citibank, N.A.,
9. Approved new line of business of Hi-Way Company Limited as an insurance broker company
10. 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,
11. Appointed and supervised Risk Management Committee, Credit Committee and Problem Loan Committee,
12. Reported to the Board of Directors an annual assessment of the Executive Board performance,
13. Reviewed the Executive Board Charter and proposed to the Board of Directors for approval,
14. 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.

- Oranuch Apisaksirikul -

(Ms. Oranuch Apisaksirikul)

Chairperson of the Executive Board

January 17, 2019

Attachment 6

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. Ms. Panada Kanokwat | Member (Term of service has been effective from April 24, 2018) |
| 4. Ms. Patareeya Benjapholchai | Member (Term of service was fulfilled on April 23, 2018) |

The Audit Committee has performed duties and responsibilities according to the Charter of Audit Committee and as delegated by the Board of Directors. The Audit Committee has carried out duties independently and without restrictions as to access to information. The Audit Committee supports the Company's good corporate governance in accountability, transparency, fairness, integrity, and check & balance, which will serve the best interests of not only shareholders but also employees and other stakeholders.

The Audit Committee convened 12 meetings in Year 2018 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, 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, 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 2018.
- **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. The Audit Committee was satisfied with the Company's risk management system.
- **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.

- Angkarat Priebjrivat -

(Assoc. Prof. Dr. Angkarat Priebjrivat)

Chairperson of the Audit Committee

February 14, 2019

Attachment 7

Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on April 24, 2018, the Nomination and Compensation Committee of TISCO Financial Group Public Company Limited comprises three non-management directors and is chaired by an independent director as follows.

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

The Nomination and Compensation Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating names of qualified candidates for the positions of directors, members of committees with functions, responsibilities, and authorities directly given by the Board of Directors, Advisor(s) and Top Management in TISCO and its subsidiary companies and proposing them to the Board of Directors or the Shareholders Meeting in order to preserve an effective and efficient board and management structure and to enhance the good corporate governance of TISCO Group.

In 2018, the Committee convened six 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 which was revised according to the Bank of Thailand's Notifications on Corporate Governance and the Approval of the Appointment of Directors of Financial Institutions. 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, Audit Committee, Nomination and Compensation Committee, Corporate Governance Committee including Advisor to the Board of Directors,
7. Recommending the appointment of new directors for TISCO Bank to the Board of Directors for approval,
8. Adopting the Board Performance Self-Assessment Guidelines and Questionnaires for the Year 2018 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,
9. 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,
10. Considering and agreed with the Business KPI of TISCO Group proposed by Management to be applied for the Group Chief Executive's performance assessment,

11. Evaluating and proposing the results of the Group Chief Executive's performance to the Board of Directors for approval,
12. Approving the appointment of Chief Operating Officer and the promotion of senior management level,
13. Considering the director succession plan to be in accordance with the Bank of Thailand's regulation on Corporate Governance of Financial Institutions,
14. Approving the incentive pay, bonus appropriation for the Chairperson of the Executive Board, management, and staff for the Year 2018,
15. Reviewing the Charter and the Annual Plan of the Committee and recommending to the Board of Directors for approval,
16. Acknowledging the activities report of Human Resources Committee including succession plan.

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 26, 2019

Attachment 8

Report of the Corporate Governance Committee

Appointed by the Board of Directors on April 24, 2018, the Corporate Governance Committee of TISCO Financial Group Public Company Limited comprises three independent and non-executive directors as follows.

- | | |
|---------------------------------------|--------------------------------------|
| 1. Ms. Patareeya Benjapolchai | Chairperson and Independent Director |
| 2. Ms. Panada Kanokwat | Member and Independent Director |
| 3. Professor Dr. Teerana Bhongmakapat | Member and Non-Executive 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 2018, the Committee convened four meetings with full attendances on matters in accordance with duties and responsibilities in the Charter and as assigned by the Board, 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, Banking Industry Code of Conduct of the Thai Bankers' Association, and Corporate Governance Guidelines of Financial Institutions from the Bank of Thailand ("BOT") as well as established the Whistleblowing Policy and reviewed Information Disclosure Guidelines and related practices in compliance with the current practices and regulations, 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, the Thai Listed Companies Association, and the ASEAN Capital Markets Forum (ACMF), and recommended enhancement to the Board
3. Considered the Sustainable Development Policy, Supplier Code of Conduct Guidelines, Environmental Policy and Sustainable Development Roadmap, and proposed to the Board for approval
4. Considered the Sustainability Report, and provided recommendations to Management
5. Considered the Re-certification process of Anti-Corruption Program with Thai CAC
6. Considered the Risk Governance Structure, the establishment as well as roles and responsibilities of Risk Oversight Committee in compliance with the BOT's Corporate Governance Guidelines of Financial Institutions, and proposed to the Board for approval
7. Considered the Cross-Evaluation of annual performance and proposed to the Nomination and Compensation Committee for consideration
8. Reviewed the revision of the Approval Authority Guideline, and proposed to the Board for approval
9. Acknowledged the implementation progress of Corporate Governance Policy and Sustainable Development
10. Reviewed self-authorized expenses of the Chairperson of Executive Board and the Group Chief Executive,
11. Reviewed the Committee's Charter and annual plan.

The Corporate Governance Committee also 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.

Patareeya Benjapolchai

(Ms. Patareeya Benjapolchai)

Chairperson of the Corporate Governance Committee

February 14, 2019

Attachment 9

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

February 26, 2019

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 10

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, 2018.

- *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 2018, 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 2018, 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 judgement, 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 1.5.9 and 3.6 to the financial statements, as at 31 December 2018, the Group had loans to customers of Baht 240,654 million (accounting for 80% of total assets) and allowance for doubtful accounts of Baht 11,665 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 judgement 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 1.5.1 to the financial statements. The Group's major source of revenue is interest income from loans, which amounted to Baht 16,996 million in the year 2018, accounting for 65% 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 recognised 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: 14 February 2019

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of financial position****As at 31 December 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Cash		1,191,800	1,324,808	70	70
Interbank and money market items - net	3.2	54,071,389	44,647,149	641,395	237,201
Derivatives assets	3.3	5,685	-	-	-
Investment - net	3.4, 3.8	9,012,345	7,547,143	780,284	869,582
Investment in subsidiaries and joint venture - net	3.5	800,151	573,925	20,069,127	20,069,104
Loans to customers and accrued interest receivables	3.6, 3.8				
Loans to customers		261,056,899	271,125,255	2,075,000	3,540,000
Accrued interest receivables		642,526	715,653	-	-
Total loans to customers and accrued interest receivables		261,699,425	271,840,908	2,075,000	3,540,000
Less: Deferred revenue		(20,402,559)	(19,741,455)	-	-
Less: Allowance for doubtful accounts	3.7	(11,665,492)	(11,447,166)	-	-
Less: Allowance for loss on debt restructuring	3.7	(8,146)	(8,948)	-	-
Loans to customers and accrued interest receivables - net		229,623,228	240,643,339	2,075,000	3,540,000
Properties foreclosed - net	3.8, 3.9	10,857	5,274	-	-
Investment properties	3.10	39,388	32,396	831,043	834,503
Premises and equipment - net	3.11	2,992,229	2,653,195	957,714	864,555
Intangible assets - net	3.12	448,222	537,696	159,531	182,482
Deferred tax assets	3.30	991,525	743,145	152,571	150,550
Securities and derivatives business receivables - net		948,528	2,342,040	-	-
Dividend receivable from subsidiaries	3.34	-	-	5,258,642	4,132,342
Other assets	3.13	2,409,287	2,338,299	166,983	165,801
Total assets		302,544,634	303,388,409	31,092,360	31,046,190

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 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and equity					
Liabilities					
Deposits	3.14	193,108,310	180,803,844	-	-
Interbank and money market items	3.15	4,374,674	4,017,507	-	-
Liabilities payable on demand		238,219	431,361	-	-
Derivatives liabilities	3.3	10,653	29,815	-	-
Debts issued and borrowings	3.16	55,556,919	71,078,619	5,840,000	7,440,000
Provision for long-term employee benefits	3.17	827,442	734,853	176,986	154,228
Deferred tax liabilities	3.30	8,499	15,633	-	-
Securities and derivatives business payables - net		995,276	2,216,256	-	-
Accrued interest payable		881,275	729,377	9,871	34,268
Income tax payable		753,846	849,052	4,916	24,690
Other liabilities	3.18	7,960,065	7,750,327	1,481,562	1,433,367
Total liabilities		264,715,178	268,656,644	7,513,335	9,086,553

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 2018**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
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	1,753,824	1,653,202	257,304	241,442
Retained earnings				
Appropriated-statutory reserve	801,000	801,000	801,000	801,000
Unappropriated	26,116,740	23,125,364	7,482,643	5,879,117
Equity attributable to equity holders of the Company	<u>37,696,527</u>	<u>34,604,529</u>	<u>23,579,025</u>	<u>21,959,637</u>
Non-controlling interest of the subsidiaries	132,929	127,236	-	-
Total equity	<u>37,829,456</u>	<u>34,731,765</u>	<u>23,579,025</u>	<u>21,959,637</u>
Total liabilities and equity	<u>302,544,634</u>	<u>303,388,409</u>	<u>31,092,360</u>	<u>31,046,190</u>
	-	-	-	-

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

(Mr. Suthas Ruangmanamongkol)

Group Chief Executive 0065



(Mr. Chatri Chandrangam)

First Executive Vice President

Chief Financial Officer

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the year ended 31 December 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Continuing operations					
Interest income	3.22	17,690,276	16,381,521	67,293	52,349
Interest expenses	3.23	(5,075,507)	(4,814,374)	(89,470)	(96,201)
Net interest income		<u>12,614,769</u>	<u>11,567,147</u>	<u>(22,177)</u>	<u>(43,852)</u>
Fee and service income		6,339,093	6,344,652	-	-
Fee and service expenses		(243,666)	(245,964)	(17,857)	(16,983)
Net fee and service income	3.24	<u>6,095,427</u>	<u>6,098,688</u>	<u>(17,857)</u>	<u>(16,983)</u>
Net gains (losses) on trading and foreign exchange transactions	3.25	6,339	(83,857)	(6,700)	(84,761)
Net gains on investments	3.26	496,291	41,968	23	-
Share of profit from investment accounted for under equity method	3.5.2	222,708	130,420	-	-
Dividend income	3.5.1	62,584	138,178	5,258,642	4,132,342
Penalty fee income from loans		331,035	375,524	-	-
Intercompany supporting fee income	3.34	-	-	2,156,929	2,117,903
Other operating income	3.28	204,018	125,952	70,905	88,995
Total operating income		<u>20,033,171</u>	<u>18,394,020</u>	<u>7,439,765</u>	<u>6,193,644</u>
Operating expenses					
Employee's expenses		5,839,300	5,073,893	1,103,288	1,153,393
Directors' remuneration		16,425	12,740	16,425	12,740
Premises and equipment expenses		1,213,428	1,148,613	469,704	431,075
Taxes and duties		303,080	252,389	2,241	2,214
Other operating expenses	3.29	1,381,034	1,183,075	136,920	116,603
Total operating expenses		<u>8,753,267</u>	<u>7,670,710</u>	<u>1,728,578</u>	<u>1,716,025</u>
Bad debt, doubtful accounts and impairment losses	3.27	2,701,452	3,078,651	-	-
Profit from operations before income tax expenses		<u>8,578,452</u>	<u>7,644,659</u>	<u>5,711,187</u>	<u>4,477,619</u>
Income tax expenses	3.30	1,663,017	1,486,816	84,392	60,530
Profit for the year from continuing operations		<u>6,915,435</u>	<u>6,157,843</u>	<u>5,626,795</u>	<u>4,417,089</u>
Discontinued operations					
Profit (loss) for the year from discontinued operations	5	<u>128,306</u>	<u>(40,536)</u>	<u>-</u>	<u>-</u>
Total profit for the year		<u>7,043,741</u>	<u>6,117,307</u>	<u>5,626,795</u>	<u>4,417,089</u>

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 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
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>	(233,032)	270,399	(82,598)	172,458
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		3,517	755	-	-
Income tax effects	<i>3.30, 3.32</i>	45,062	(55,109)	16,520	(34,492)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(184,453)	216,045	(66,078)	137,966
<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>	(56,943)	(155,385)	(29,510)	(36,641)
Income tax effects	<i>3.30, 3.32</i>	(66,712)	30,909	(15,428)	7,328
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		263,968	(124,476)	61,713	(29,313)
Other comprehensive income for the year from continuing operations		79,515	91,569	(4,365)	108,653
Total other comprehensive income for the year		79,515	91,569	(4,365)	108,653
Total comprehensive income					
Total comprehensive income from continuing operations		6,994,950	6,249,412	5,622,430	4,525,742
Total comprehensive income from discontinued operations		128,306	(40,536)	-	-
Total comprehensive income for the year		7,123,256	6,208,876	5,622,430	4,525,742
Profits attributable to					
Equity holders of the Company	<i>3.33</i>				
Profit for the year from continuing operations		6,887,379	6,130,544	5,626,795	4,417,089
Profit (loss) for the year from discontinued operations		128,306	(40,536)	-	-
Profit for the year attributable to the Company		7,015,685	6,090,008	5,626,795	4,417,089
Non-controlling interests of the subsidiaries					
Profit for the year from continuing operations		28,056	27,299		
Profit for the year from discontinued operations		-	-		
Profit for the year attributable to non-controlling interests of the subsidiaries		28,056	27,299		
		7,043,741	6,117,307		

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 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Total comprehensive income attributable to					
Equity holders of the Company					
	3.33				
Total comprehensive income for the year from continuing operations		6,966,734	6,222,446	5,622,430	4,525,742
Total comprehensive income for the year from discontinued operations		128,306	(40,536)	-	-
Total comprehensive income for the year attributable to the Company		<u>7,095,040</u>	<u>6,181,910</u>	<u>5,622,430</u>	<u>4,525,742</u>
Non-controlling interests of the subsidiaries					
Total comprehensive income for the year from continuing operations		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		<u>28,216</u>	<u>26,966</u>		
		<u>7,123,256</u>	<u>6,208,876</u>		
Earnings per share of equity holders of the Company					
Basic earnings per share (Baht per share)	3.33				
Equity holder of the Company					
Profit from continuing operations		8.60	7.66	7.03	5.52
Profit (loss) from discontinued operations		0.16	(0.05)	-	-
		<u>8.76</u>	<u>7.61</u>	<u>7.03</u>	<u>5.52</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 2018

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax from continuing operations	8,578,452	7,644,659	5,711,187	4,477,619
Profit (loss) before income tax from discontinued operations	128,306	(1,042)	-	-
Profit from operation before income tax	8,706,758	7,643,617	5,711,187	4,477,619
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	390,757	350,638	153,967	135,767
Bad debts and doubtful accounts	4,898,708	5,064,167	-	-
Share of profit from investments accounted for under equity method	(222,708)	(130,420)	-	-
Allowance for impairment of investments (reversal)	(1,355)	(3,671)	1	-
Allowance for impairment of properties foreclosed (reversal)	(268)	394	-	-
Gains on disposal of investments in securities	(495,267)	(38,157)	-	-
Unrealised (gains) losses on foreign exchange transactions and trading derivatives	(6,455)	83,376	6,700	84,761
Gains on disposal of equipment and intangible assets	(5,661)	(12,997)	(972)	(7,594)
Gains (losses) on changes in value of investment properties	(6,992)	(239)	3,460	(15,568)
Losses on written-off of equipment	472	3,441	1	-
Gains on disposal of properties foreclosed	(71,336)	(81,678)	-	-
Employee benefit expenses	83,138	42,708	14,286	7,996
(Increase) decrease in accrued income	261,429	(317,317)	6,112	(23,793)
Increase in accrued expenses	536,621	601,873	11,556	215,440
Net interest income	(12,828,669)	(11,654,786)	22,177	43,852
Dividend income	(62,584)	(138,178)	(5,258,642)	(4,132,342)
Cash received on interest income	17,680,774	16,743,707	67,263	52,365
Cash paid on interest expenses	(3,844,808)	(3,824,667)	(113,867)	(80,507)
Cash received on dividend income	62,584	138,178	4,132,342	2,762,188
Cash paid on income tax	(2,018,179)	(1,484,013)	(102,748)	(102,900)
Profit from operating activities before changes in operating assets and liabilities	13,056,959	12,985,976	4,652,823	3,417,284
Operating assets (increase) decrease				
Interbank and money market items - net	(9,424,150)	(6,579,740)	(404,194)	296,362
Loans to customers	4,253,506	3,718,910	1,465,000	(1,736,900)
Securities and derivatives business receivables	1,393,513	(968,284)	-	-
Receivables from clearing house	(114,224)	144,621	-	-
Properties foreclosed	1,849,032	2,071,939	-	-
Other assets	-201,668	-883,412	-7,262	-59

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Deposits	12,304,466	11,114,657	-	-
Interbank and money market items	357,167	(1,179,096)	-	-
Liabilities payable on demand	(193,142)	251,119	-	-
Securities and derivatives business payables	(1,220,980)	705,386	-	-
Short-term debts issued and borrowings	(25,021,700)	8,072,700	(1,600,000)	1,510,000
Payable to clearing house	(52,820)	113,385	-	-
Provision for long-term employee benefits	(47,493)	(39,353)	(21,037)	(14,639)
Other liabilities	(1,099,657)	(395,852)	36,639	27,623
Net cash flows from (used in) operating activities	(4,161,191)	29,132,956	4,121,969	3,499,671
Cash flows from investing activities				
Cash paid for purchase of investments in securities held for investment	(12,333,737)	(7,578,768)	-	-
Cash received from disposal of investments in securities held for investment	11,125,400	7,447,916	-	-
Cash paid for purchase of equipment	(191,004)	(203,271)	(72,607)	(56,175)
Cash paid for purchase of intangible assets	(77,495)	(116,253)	(47,268)	(48,781)
Cash received from disposal of equipment	8,061	13,006	972	7,594
Cash paid for share capital increase of subsidiary	-	-	(24)	(600,022)
Cash paid on business acquisition	-	(18,394,496)	-	-
Net cash flows used in investing activities	(1,468,775)	(18,831,866)	(118,927)	(697,384)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	20,000,000	19,600,000	-	-
Cash paid for redemption of long-term debentures	(10,500,000)	(26,923,000)	-	-
Dividend paid	(4,003,042)	(2,802,287)	(4,003,042)	(2,802,287)
Net cash flows from (used in) financing activities	5,496,958	(10,125,287)	(4,003,042)	(2,802,287)
Net increase (decrease) in cash	(133,008)	175,803	-	-
Cash at beginning of the year	1,324,808	1,149,005	70	70
Cash at end of the year	1,191,800	1,324,808	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 2018

(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	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							Appropriated	Unappropriated			
Balance as at 1 January 2017	108	8,006,447	1,018,408	(118,382)	889,264	(3,012)	679,266	1,447,136	801,000	19,951,807	31,224,906	100,637	31,325,543
Dividend paid	4	-	-	-	-	-	-	-	-	(2,802,287)	(2,802,287)	-	(2,802,287)
Profit for the year	-	-	-	-	-	-	-	-	-	6,090,008	6,090,008	27,299	6,117,307
Other comprehensive income for the year	-	-	-	215,290	-	755	-	216,045	-	(124,143)	91,902	(333)	91,569
Total comprehensive income for the year	-	-	-	215,290	-	755	-	216,045	-	5,965,865	6,181,910	26,966	6,208,876
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(9,979)	-	-	(9,979)	-	9,979	-	-	-
Preference shares converted to ordinary shares	(9)	9	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(367)	(367)
Balance as at 31 December 2017	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
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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2018

(Unit: Thousand Baht)

Note	Separate financial statements																	
	Issued and paid-up				Other components of equity						Total							
	Preference shares	Share premium		Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		Unappropriated									
		Ordinary shares	Preference shares				Ordinary shares	Appropriated										
Balance as at 1 January 2017	108	-	8,006,447	-	95	-	7,031,428	-	(121,509)	-		226,487	104,978	801,000	-	4,292,126	-	20,236,182
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,802,287)	-	(2,802,287)	
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	4,417,089	-	4,417,089	
Other comprehensive income for the year		-	-	-	-	-	-	-	137,966	-	137,966	-	-	-	(29,313)	-	108,653	
Total comprehensive income for the year		-	-	-	-	-	-	-	137,966	-	137,966	-	-	-	4,387,776	-	4,525,742	
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	-	-	-	-	(1,502)	(1,502)	-	-	-	1,502	-	-	
Preference shares converted to ordinary shares		(9)	9	(8)	8	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2017	99	-	8,006,456	-	87	-	7,031,436	-	16,457	-	224,985	241,442	801,000	-	5,879,117	-	21,959,637	
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	-	21,959,637
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	-	-	-	(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	

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 2018

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 2018 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 Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) 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 management of the Company and its subsidiaries believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 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.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Incentive fee income on fund management - The subsidiary operating an asset management business has reconsidered the basis for recognition of 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. The Company recognises the variable consideration as revenue at year-end when there is a high likelihood that the income will occur, whereas it was previously recognised as revenue over the period that it manages the fund.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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 Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.5 Significant accounting policies

1.5.1 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.

1.5.2 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.

1.5.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items - 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.

1.5.4 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.

1.5.5 Investments in receivable purchased or transferred in

Investments in receivable purchased or transferred in, which are classified as held-to-maturity securities, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in profit or loss.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans to customers and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans to customers.

Since 1 January 2013, 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.

1.5.6 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.

1.5.7 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.

1.5.8 Securities and derivatives business receivables

Securities and derivatives business receivables comprise the net balance of securities business receivables and derivative business receivables, after deducting allowance for doubtful accounts. Securities business receivables comprise the net receivable balances of cash accounts, securities borrowing and lending receivables, and other receivables such as securities receivables that are subject to legal proceeding, undergoing restructuring or setting in installments.

1.5.9 Allowance for doubtful accounts and loss on debt restructuring

- a) The subsidiary company operating 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 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 allowance for doubtful accounts in the period of recovery.

1.5.10 Troubled debt restructuring

The subsidiary company operating banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash inflows,

discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary records differences between the fair value of receivables and the balance of net book value of receivables as of restructuring date as expenses in profit or loss. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in profit or loss when incurred.

1.5.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company operating 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.

1.5.12 Borrowing and lending of securities

A subsidiary company operating securities business is engaged in securities borrowing and lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balances of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in part of profit or loss in the statement of comprehensive income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

1.5.13 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 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.

1.5.14 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).

1.5.15 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 computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominiums	-	18 - 35	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5, 6	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

1.5.16 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 by the straight-line basis
The license agreements with no specified number of years of usage	-	5 years by the straight-line basis
No license agreements	-	3 years by the sum-of-the-year-digits method

1.5.17 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.

1.5.18 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.

1.5.19 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.

1.5.20 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.

1.5.21 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 it must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries based on actuarial techniques.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains or losses arising from other long-term benefits are recognised immediately in profit or loss.

1.5.22 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.

1.5.23 Derivatives and hedge accounting

The recording of derivatives and hedge accounting is based on the principles for recording derivatives and hedge accounting under IAS 39 "Financial Instruments: Recognition and Measurement".

- a) A subsidiary operating banking business records derivatives held for trading under fair value method. The subsidiary records gains (losses) from changes in fair value of derivatives in profit or loss. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.
- b) A subsidiary operating securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in profit or loss, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

1.5.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

1.5.25 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 receivable, 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 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 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 to counterparty credit risk when determining the fair value of derivatives.

1.5.26 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.

1.5.27 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 are intended to adjust the value of loans to customers for probable credit losses. The management uses judgement to establish reserves for

estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of 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 and prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" and "prolonged" requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the 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 Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of 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 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 2018 and 2017 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	
			2018	2017
<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>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00

3.2 Interbank and money market items - net (assets)

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2018			2017		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,527,020	745,000	2,272,020	1,148,951	800,000	1,948,951
Commercial banks	247,139	42,869,675	43,116,814	500,213	20,172,622	20,672,835
Specialised Financial Institutions	997	8,656,727	8,657,724	452	22,010,897	22,011,349
Total	1,775,156	52,271,402	54,046,558	1,649,616	42,983,519	44,633,135
Add: Accrued interest	196	24,527	24,723	2,832	11,172	14,004
Total domestic	1,775,352	52,295,929	54,071,281	1,652,448	42,994,691	44,647,139
<u>Foreign</u>						
Hong Kong dollars	108	-	108	10	-	10
Total foreign	108	-	108	10	-	10
Total domestic and foreign	1,775,460	52,295,929	54,071,389	1,652,458	42,994,691	44,647,149

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2018			2017		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	641,306	-	641,306	237,142	-	237,142
Total	641,306	-	641,306	237,142	-	237,142
Add: Accrued interest	89	-	89	59	-	59
Total domestic	641,395	-	641,395	237,201	-	237,201

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2018	2017	
	Cash at banks of local subsidiary	10	

The subsidiary company operating banking business entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Million Baht)

Securities purchased under resale agreements
according to private repurchase transactions
as at 31 December

	2018	2017
Commercial banks	42,000	18,800
Specialised Financial Institutions	8,300	21,900

Fair value of securities received as collateral is as follows:

(Unit: Million Baht)

Fair value of securities received as collateral
as at 31 December

	2018	2017
Commercial banks	42,595	18,290
Specialised Financial Institutions	8,374	22,008

3.3 Derivatives

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

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at 31 December					
	2018			2017		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	5,685	-	717,751	-	-	-
Interest rate	-	10,653	1,200,000	-	29,815	1,200,000
Total	5,685	10,653	1,917,751	-	29,815	1,200,000

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	
	2018	2017
Available-for-sale investments - fair value		
Government and state enterprise securities	7,467,598	4,642,791
Private sector debt securities	186,078	692,188
Foreign sector debt securities	-	408,961
Domestic marketable equity securities	299,562	449,179
Other securities - domestic unit trusts	60,777	65,540
Other securities - foreign unit trusts	780,284	869,582
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	8,792,839	7,126,781
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	13,352	13,683
Less: Allowance for impairment	(13,352)	(13,683)
Total held-to-maturity debt securities	-	-
General investments - cost		
Domestic non-marketable equity securities	254,134	456,014
Less: Allowance for impairment	(34,628)	(35,652)
Total general investments	219,506	420,362
Investments - net	9,012,345	7,547,143

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2018	2017
Available-for-sale investments - fair value		
Other securities - foreign unit trusts	780,284	869,582
Investment - net	780,284	869,582

3.4.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	2018				2017			
	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	7,464	3	-	7,467	4,641	-	2	4,643
Private sector debt securities	1	185	-	186	812	289	-	1,101
Total	7,465	188	-	7,653	5,453	289	2	5,744
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	7,464	188	-	7,652	5,452	289	2	5,743
Held-to-maturity debt securities								
Investment in receivables	13	-	-	13	14	-	-	14
Less: Allowance for impairment	(13)	-	-	(13)	(14)	-	-	(14)
Total	-	-	-	-	-	-	-	-
Total debt securities	7,464	188	-	7,652	5,452	289	2	5,743

3.4.3 Investments subject to restrictions

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2018	2017	
	Government debt securities	2	
Government debt securities	648	774	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 a subsidiary company operating banking business

(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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2017		
	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 a subsidiary company operating 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					
	2018			2017		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	-	-	-	37,335	-	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	3,659	-	10	3,240	-	10
PDTL Trading Co., Ltd.	4,320	-	10	4,275	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,932	-	10	3,659	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	18,315	-	10	18,062	-	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	
	2018	2017	2018	2017
	Investments in subsidiaries	-	-	19,995,882
Investment in joint venture	800,151	573,925	73,245	73,245
	<u>800,151</u>	<u>573,925</u>	<u>20,069,127</u>	<u>20,069,104</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Type of investments as at 31 December		Percentage of holding as at 31 December		Investment value - cost method as at 31 December		Dividend received for the years ended 31 December	
		2018	2017	2018	2017	2018	2017	2018	2017
				(%)	(%)				
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	3,594	2,764
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	140	200
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	935	798
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	2	1
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	133	99
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	35	80
TISCO Insurance Solution Co., Ltd.	Insurance broker	Ordinary shares	Ordinary shares	99.99	99.99	137	137	390	165
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	30	25
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	700	700	-	-
						20,105	20,105	5,259	4,132
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						19,996	19,996		

3.5.2 Investment in joint venture

a) Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment 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	
		2018	2017	2018	2017	2018	2017
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	800,151	573,925

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method - net as at	
		31 December		31 December		31 December		31 December	
		2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)						
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:

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the years ended		Share of other comprehensive income from investments in joint venture for the years ended		Dividend received for the years ended	
	31 December		31 December		31 December	
	2018	2017	2018	2017	2018	2017
TISCO Tokyo Leasing Co., Ltd.	222,708	130,420	3,517	755	-	-

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	
	2018	2017
Total assets	9,439	10,327
Total liabilities	(7,433)	(8,794)
Non-controlling interests of the subsidiaries	(372)	(361)
Net assets	1,634	1,172
The Company's proportion of shareholding	49%	49%
Carrying amounts of joint venture based on equity method	800	574

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	2018	2017
Total revenues	862	771
Total expenses	(282)	(511)
Profit before income tax expenses	580	260
Tax benefit (Income tax expenses)	(89)	40
Non-controlling interest	(36)	(34)
Profit for the year	455	266
Other comprehensive income	4	2
Total comprehensive income	459	268

d) Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

(Unit: Million Baht)

	As at 31 December	
	2018	2017
Cross currency interest rate swap agreements	300	1,008

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**Loans to customers**

	2018	2017
Overdrafts	369,084	551,542
Loans	98,933,065	109,917,587
Hire purchase receivables	161,733,691	160,573,930
Finance lease receivables	53,970	197,102
Less: Deferred revenue	(20,402,559)	(19,741,455)
Advances received from finance lease receivables	(32,911)	(114,906)
Total loans to customers	240,654,340	251,383,800
Add: Accrued interest receivables	642,526	715,653
Less: Allowance for doubtful accounts	(11,665,492)	(11,447,166)
Allowance for loss on debt restructuring	(8,146)	(8,948)
Loans to customers and accrued interest receivables - net	229,623,228	240,643,339

(Unit: Thousand Baht)

Separate financial statements
as at 31 December**Loans to customers**

	2018	2017
Loans	2,075,000	3,540,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	2,075,000	3,540,000

3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	233,094,849	6,841,740	239,936,589	245,051,902	6,331,898	251,383,800
US Dollars	-	717,751	717,751	-	-	-
Total loans to customers net of deferred revenue	<u>233,094,849</u>	<u>7,559,491</u>	<u>240,654,340</u>	<u>245,051,902</u>	<u>6,331,898</u>	<u>251,383,800</u>

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,075,000	-	2,075,000	3,540,000	-	3,540,000
Total loans to customers net of deferred revenue	<u>2,075,000</u>	<u>-</u>	<u>2,075,000</u>	<u>3,540,000</u>	<u>-</u>	<u>3,540,000</u>

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018							Other subsidiaries	Total
	Subsidiary company operating banking business						Total		
	Pass	Special mention	Sub-standard	Doubtful	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	<u>213,768,522</u>	<u>16,533,357</u>	<u>3,356,126</u>	<u>1,536,466</u>	<u>1,416,472</u>	<u>236,610,943</u>	<u>4,043,397</u>	<u>240,654,340</u>	
Add: Accrued interest receivables	<u>424,610</u>	<u>173,134</u>	<u>-</u>	<u>-</u>	<u>519</u>	<u>598,263</u>	<u>44,263</u>	<u>642,526</u>	
Total loans to customers and accrued interest receivables	<u>214,193,132</u>	<u>16,706,491</u>	<u>3,356,126</u>	<u>1,536,466</u>	<u>1,416,991</u>	<u>237,209,206</u>	<u>4,087,660</u>	<u>241,296,866</u>	

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2017

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
	Agricultural and mining	1,859,787	42,769	14,857	7,275	1,495	1,926,183	-
Manufacturing and commerce	20,920,245	1,173,805	133,149	66,408	107,190	22,400,797	-	22,400,797
Real estate and construction	15,178,993	167,588	50,014	18,649	17,639	15,432,883	-	15,432,883
Public utilities and services	24,636,419	967,676	118,683	62,829	65,073	25,850,680	-	25,850,680
Personal consumption								
Hire purchase	109,400,504	11,560,962	1,419,507	791,511	560,880	123,733,364	3,433,890	127,167,254
Loan against auto license	18,386,159	1,616,539	263,194	131,052	30,203	20,427,147	60,671	20,487,818
Housing loans	19,278,784	631,250	246,650	195,621	405,025	20,757,330	-	20,757,330
Credit card	-	-	-	-	-	-	2,952,195	2,952,195
Others	12,817,635	997,250	189,195	126,847	277,733	14,408,660	-	14,408,660
Total loans to customers	222,478,526	17,157,839	2,435,249	1,400,192	1,465,238	244,937,044	6,446,756	251,383,800
Add: Accrued interest receivables	474,676	192,766	1,883	133	3	669,461	46,192	715,653
Total loans to customers and accrued interest receivables	222,953,202	17,350,605	2,437,132	1,400,325	1,465,241	245,606,505	6,492,948	252,099,453

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

(Unit: Million Baht)

	As at 31 December					
	2018			2017		
	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	214,194	178,483	2,512	222,953	185,825	3,320
- Special mention	16,706	15,096	3,194	17,351	15,503	3,591
- Sub-standard	3,356	3,073	1,269	2,437	2,214	889
- Doubtful	1,536	1,315	586	1,400	1,170	423
- Doubtful of loss	1,417	817	531	1,465	852	389
Allowance established in excess	-	-	2,951	-	-	2,088
Total	237,209	198,784	11,043	245,606	205,564	10,700

⁽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 2018, 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 6,428 million (As at 31 December 2017: total of Baht 6,140 million). TISCO Bank allocated Baht 3,477 million of the excess provision to specific provision for individual debtors (As at 31 December 2017: total of Baht 4,051 million) and so combined with the minimum provision requirement of Baht 4,615 million (As at 31 December 2017: total of Baht 4,561 million), the total provision set aside in accordance with BOT's requirements is Baht 8,092 million (As at 31 December 2017: total of Baht 8,612 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	
	2018	2017	2018	2017	2018	2017
Pass	0.83	0.94	1.43	1.63	1	1
Special mention	11.56	10.44	16.80	16.80	2	2
Sub-standard	26.59	30.33	37.75	35.75	100	100
Doubtful	26.60	26.43	37.75	35.75	100	100
Doubtful of loss	27.67	25.32	37.75	35.75	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 2018, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 141,531 million (31 December 2017: Baht 141,107 million) and mostly comprise hire purchase agreements for cars and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2018				
	Amounts of installments due under the long-term lease agreements				
	Not over 1 year	Over 1 year but not over		Non-performing loans	Total
		5 years	Over 5 years		
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	43,578	87,841	6,225	3,887	141,531
Allowance for doubtful accounts ⁽²⁾					(3,835)
Net hire purchase and finance lease receivables					137,696

⁽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 2017				
	Amounts of installments due under the long-term lease agreements				
	Not over 1 year	Over 1 year but not over		Non-performing loans	Total
		5 years	Over 5 years		
Gross investment in the agreements	53,110	94,869	5,533	7,259	160,771
Less: Deferred revenue ⁽¹⁾	(7,082)	(8,677)	(212)	(3,578)	(19,549)
Advances received from finance lease receivables	(80)	(34)	-	(1)	(115)

Present value of minimum lease pay from agreements	45,948	86,158	5,321	3,680	141,107
Allowance for doubtful accounts ⁽²⁾					(3,869)
Net hire purchase and finance lease receivables					137,238

⁽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

TISCO Bank	(Unit: Million Baht)			
	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2018	2017	2018	2017
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	8,040	6,122	8,618	6,860

⁽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.

Other subsidiaries	(Unit: Million Baht)	
	As at 31 December	
	2018	2017
Hire purchase receivables, financial lease receivables and other loan receivables for which the recognition of interest income has been ceased	615	559

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	
	2018	2017
Deferred revenue ⁽¹⁾	20,403	19,741

⁽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 a subsidiary company operating banking business

	For the years ended 31 December	
	2018	2017
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	1,161	3,648
Loan balances before restructuring (Million Baht)	928	1,152
Loan balances after restructuring (Million Baht)	926	1,136
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	4	4
Loan against auto license receivables	5	4
Commercial lending receivables	6	-

Supplemental information for the years ended 31 December 2018 and 2017 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2018	2017
Interest income on restructured receivables	273	365
Receipt of principal and interest	1,541	1,478

As at 31 December 2018 and 2017, a subsidiary company operating banking business has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at 31 December			
	2018		2017	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	14,260	3,143	17,265	4,646

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 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 debt written-off	(10,266)	(30,732)	(305,846)	(1,373,488)	(2,733,124)	-	(4,453,456)
Transfer out from sales of receivables (Note 5)	(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

	(Unit: Thousand Baht)						
	Consolidated financial statements as at 31 December 2017						
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,775,661	2,123,183	935,111	494,702	369,707	1,275,526	7,973,890
Increase in allowance for doubtful accounts during the year	835,353	1,578,102	276,639	1,327,506	2,012,151	926,435	6,956,186
Bad debt written-off	(2,241)	(23,299)	(215,110)	(1,333,575)	(1,908,685)	-	(3,482,910)
Balance - end of year	3,608,773	3,677,986	996,640	488,633	473,173	2,201,961	11,447,166

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	4,528,536	4,716,669	2,201,961	11,447,166
Increase in allowance for doubtful accounts during the year	1,189,150	2,846,404	862,956	4,898,510
Bad debt written-off	(1,993,107)	(2,460,349)	-	(4,453,456)
Transfer out from sales of receivables (Note 5)	(93,531)	(133,197)	-	(226,728)
Balance - end of year	3,631,048	4,969,527	3,064,917	11,665,492

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2017			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,630,677	4,067,687	1,275,526	7,973,890
Increase in allowance for doubtful accounts during the year	2,553,187	3,476,564	926,435	6,956,186
Bad debt written-off	(655,328)	(2,827,582)	-	(3,482,910)
Balance - end of year	4,528,536	4,716,669	2,201,961	11,447,166

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

(Unit: Thousand Baht)

	As at 31 December	
	2018	2017
Balance - beginning of year	8,948	9,748
Increase during the year	-	-
Amortisation during the year	(802)	(800)
Balance - end of year	8,146	8,948

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

(Unit: Million Baht)

	As at 31 December	
	2018	2017
Non-performing loans to customers	6,309	5,300
Allowance for doubtful accounts ⁽¹⁾	2,386	1,701

⁽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 a subsidiary company operating banking business

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts	
	as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017
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 a subsidiary company operating banking business.

As at 31 December 2018 and 2017, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pass	264,469	263,479	-	-	-	-	-	-	264,469	263,479
Special mention	16,533	17,158	-	-	-	-	-	-	16,533	17,158
Sub-standard	3,356	2,435	-	-	-	-	-	-	3,356	2,435
Doubtful	1,536	1,400	-	-	-	-	-	-	1,536	1,400
Doubtful of loss	1,417	1,465	36	37	13	14	12	12	1,478	1,528
Total	287,311	285,937	36	37	13	14	12	12	287,372	286,000

⁽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 a subsidiary company operating 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Pass	122,837	122,116	122,837	122,116	0.83	0.94	1,018	1,142
Special mention	11,319	12,298	11,319	12,298	11.56	10.44	1,309	1,284
Sub-standard	1,811	1,638	1,811	1,638	26.59	30.33	481	497
Doubtful	900	891	900	891	26.60	26.43	239	236
Doubtful of loss	614	660	614	660	27.67	25.32	170	167
Total	137,481	137,603	137,481	137,603			3,217	3,326

⁽¹⁾ The subsidiary company operating banking business does not deduct the collateral value from the outstanding loan balance for calculation of allowance for doubtful accounts for hire purchase receivables.

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for 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		Net amount used for setting up allowance for doubtful accounts		Percentage of allowance for doubtful accounts set up ⁽¹⁾		Allowance for doubtful accounts ⁽²⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
					(%)	(%)		
Pass	22,835	20,027	22,835	20,027	1.43	1.63	327	327
Special mention	2,816	1,731	2,816	1,731	16.80	16.80	473	291
Sub-standard	923	288	923	288	37.75	35.75	348	103
Doubtful	236	143	236	143	37.75	35.75	89	51
Doubtful of loss	45	33	45	33	37.75	35.75	17	12
Total	26,855	22,222	26,855	22,222			1,254	784

⁽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		Allowance for doubtful accounts		Debt balance - net	
	as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017
Pass	2,960	5,407	138	338	2,822	5,069
Special mention	516	512	188	127	328	385
Sub-standard	201	195	108	108	93	87
Doubtful	163	124	85	66	78	58
Doubtful of loss	203	209	103	108	100	101
Total	4,043	6,447	622	747	3,421	5,700

3.8.5 Loans to customers with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts ⁽²⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Listed companies								
vulnerable to delisting from the SET ⁽¹⁾	1	1	578	737	531	635	578 ⁽³⁾	737 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	10	4	1,285	662	263	255	49	8
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	11	5	1,863	1,399	794	890	627	745

⁽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	
	2018	2017
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	11,713	11,713
Disposals	-	-
Balance - end of year	11,713	11,713
Movable assets		
Balance - beginning of year	5,700	7,398
Additions	2,987,632	3,284,008
Disposals	(2,982,317)	(3,285,706)
Balance - end of year	11,015	5,700
Total properties foreclosed	22,728	17,413
Less: Allowance for impairment		
Balance - beginning of year	12,139	11,745
Increase	851	923
Decrease	(1,119)	(529)
Balance - end of year	11,871	12,139
Total properties foreclosed - net	10,857	5,274

3.10 Investment properties

The book value of investment properties as at 31 December 2018 and 2017 is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	as at 31 December		as at 31 December	
	2018	2017	2018	2017
Book value - beginning of year	32,396	32,157	834,503	778,245
Transfer type of asset	-	-	-	40,690
Gain (loss) from fair value adjustment	6,992	239	(3,460)	15,568
Book value - end of year	39,388	32,396	831,043	834,503

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 2018. 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 independent professional appraiser.

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	Consolidated	Result to fair value where as an increase in assumption value
	financial statements as at 31 December 2018	
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475	Increase in fair value
	Separate	Result to fair value where as an increase in assumption value
	financial statements as at 31 December 2018	
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 improvements	Furniture, fixtures and equipment	Motor vehicles	
Cost:						
As at 1 January 2017	2,561,196	17,509	636,296	1,071,646	186,181	4,472,828
Additions/transfers in	24,660	-	86,686	89,494	8,319	209,159
Disposals/written-off/transfers out	-	-	(25,248)	(7,379)	(37,700)	(70,327)
As at 31 December 2017	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
Accumulated depreciation:						
As at 1 January 2017	386,369	-	501,725	841,490	90,729	1,820,313
Depreciation for the year	52,976	-	53,700	71,803	24,284	202,763
Depreciation on disposals/written-off /transfers out	-	-	(20,007)	(6,913)	(37,691)	(64,611)
As at 31 December 2017	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
Net book value:						
As at 31 December 2017	2,146,511	17,509	162,316	247,381	79,478	2,653,195
As at 31 December 2018	2,477,100	17,509	161,003	255,925	80,692	2,992,229
Depreciation for the years ended 31 December:						
2017						202,763
2018						223,757

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis	Cost basis		
	Office condominium and building improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:				
As at 1 January 2017	782,605	347,690	90,523	1,220,818
Additions/transfers in	6,747	49,428	-	56,175
Disposals/written-off/transfers out	(43,935)	(132)	(23,830)	(67,897)
As at 31 December 2017	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
Accumulated depreciation:				
As at 1 January 2017	52,871	209,732	35,982	298,585
Depreciation for the year	21,462	41,367	10,335	73,164
Depreciation on disposals/transfers out	(3,246)	(132)	(23,830)	(27,208)
As at 31 December 2017	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/transfers out	-	(3,590)	(2,414)	(6,004)
As at 31 December 2018	-	297,589	31,365	328,954
Net book value:				
As at 31 December 2017	674,330	146,017	44,206	864,555
As at 31 December 2018	757,557	148,578	51,579	957,714
Depreciation for the years ended 31 December:				
2017				73,164
2018				83,750

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 2018 and 2017 would have been as follows:

	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2018	2017	2018	2017
Office condominiums - net of accumulated depreciation	1,021,651	1,032,372	373,901	388,169

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	Consolidated financial statements as at 31 December 2018	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 2018	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

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. In this regard, effective from 1 January 2019, the Company and its subsidiaries have changed 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	4,347	0.01
For the year 2020	15,584	0.02	4,347	0.01
For the year 2021	15,584	0.02	4,347	0.01
For the year 2022	15,584	0.02	4,347	0.01
For the year 2023 - 2048	(62,337)	(0.08)	(17,388)	(0.02)

3.12 Intangible assets

The book value of intangible assets as at 31 December 2018 and 2017 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements Computer software	Separate financial statements Computer software
As at 31 December 2018:		
Cost	1,554,441	544,565
Less: Accumulated amortisation	(1,106,219)	(385,034)
Net book value	448,222	159,531
As at 31 December 2017:		
Cost	1,477,211	497,298
Less: Accumulated amortisation	(939,515)	(314,816)
Net book value	537,696	182,482

A reconciliation of the net book value of intangible assets for the years ended 31 December 2018 and 2017 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	
	2018	2017	2018	2017
Net book value at beginning of year	537,696	567,053	182,482	196,303
Acquisitions of computer software	79,132	133,396	47,267	48,782
Transfer in of computer software	-	2,265	-	-
Disposals of computer software	(1,606)	(17,143)	-	-
Amortisation	(167,000)	(147,875)	(70,218)	(62,603)
Net book value at end of year	<u>448,222</u>	<u>537,696</u>	<u>159,531</u>	<u>182,482</u>

3.13 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2018	2017	2018	2017
Receivables from clearing house	114,611	387	-	-
Value added tax - net	571,227	478,262	3,300	3,810
Accrued interest receivables	20,365	27,468	-	-
Fee and service receivables	324,002	585,431	124,128	130,240
Refundable income tax and prepaid income tax	35,156	29,122	-	-
Deposits	81,170	74,638	2,118	2,118
Other receivables	858,713	732,083	-	3
Other assets	404,043	410,908	37,437	29,630
Total other assets	<u>2,409,287</u>	<u>2,338,299</u>	<u>166,983</u>	<u>165,801</u>

3.14 Deposits

3.14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2018	2017
Deposits		
Current accounts	2,483,555	3,785,003
Savings accounts	54,683,842	64,544,344
Fixed accounts		
- not over 6 months	10,155,146	8,978,148
- over 6 months but not over 1 year	26,368,304	10,389,836
- over 1 year	3,551,294	492,353
Certificates of deposit/negotiable certificates of deposit	95,866,169	92,614,160
Total	<u>193,108,310</u>	<u>180,803,844</u>

3.14.2 Classified by the remaining year of contract

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2018	2017
Not over 1 year ⁽¹⁾	189,170,624	180,398,973
Over 1 year	3,937,686	404,871
Total deposits	193,108,310	180,803,844

⁽¹⁾ Including fully-mature deposit contracts

3.14.3 As at 31 December 2018 and 2017, 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					
	2018			2017		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	97,708	1,050,000	1,147,708	133,861	800,000	933,861
Specialised Financial Institutions	-	2,287,710	2,287,710	-	2,269,000	2,269,000
Other financial institutions	421,756	517,500	939,256	406,107	408,539	814,646
Total	519,464	3,855,210	4,374,674	539,968	3,477,539	4,017,507

3.16 Debts issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2018	2017	2018	2017
Domestic borrowings				
Subordinated unsecured debentures	6,680,000	6,680,000	-	-
Unsubordinated unsecured debentures	43,000,000	56,921,700	-	-
Bills of exchange	5,876,122	7,476,122	5,840,000	7,440,000
Promissory notes	797	797	-	-
Total	55,556,919	71,078,619	5,840,000	7,440,000

3.16.1 Subordinated unsecured debentures

As at 31 December 2018 and 2017, a subsidiary company operating 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
	2018	2017		2018	2017		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2014	1.60	1.60	1,000	1,600	1,600	2024	6.00 percent per annum
2014	0.80	0.80	1,000	800	800	2024	6.00 percent per annum
2015	1.00	1.00	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
Total				6,680	6,680		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2018 and 2017, a subsidiary company operating banking business has short-term and long-term unsubordinated unsecured debentures as follows:

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
		2018	2017		2018	2017		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2016	Long-term debenture	-	5.50	1,000	-	5,500	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	10.00	1,000	10,000	10,000	2019	1.85 - 1.95 percent per annum
2017	Short-term debenture	-	7.50	1,000	-	7,500	2018	1.75 - 1.80 percent per annum
2017	Short-term debenture	-	15.922	1,000	-	15,922	2018	1.38 - 1.55 percent per annum
2017	Long-term debenture	5.00	5.00	1,000	5,000	5,000	2019	1.85 percent per annum
2017	Long-term debenture	-	5.00	1,000	-	5,000	2018	1.85 percent per annum
2017	Long-term debenture	8.00	8.00	1,000	8,000	8,000	2019	1.75 percent per annum
2018	Long-term debenture	5.00	-	1,000	5,000	-	2019	1.75 percent per annum
2018	Long-term debenture	3.00	-	1,000	3,000	-	2019	1.68 percent per annum
2018	Long-term debenture	4.00	-	1,000	4,000	-	2020	1.65 percent per annum
2018	Long-term debenture	6.00	-	1,000	6,000	-	2020	1.75 percent per annum
2018	Long-term debenture	2.00	-	1,000	2,000	-	2020	2.05 percent per annum
Total					43,000	56,922		

3.16.3 Bills of exchange

Bills of exchange comprise those that bear fixed interest rates between 1.68 and 2.50 percent per annum, which will gradually mature in 2019.

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 2018 and 2017 is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2018	2017
Defined post-employment benefit obligation at beginning of year	575,796	396,988
Past service cost	-	160
Current service cost	46,464	36,039
Interest cost	17,326	13,467
Benefits paid during the year	(36,810)	(26,243)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	(2,903)	40,463
Financial assumptions changes	33,387	89,787
Other assumptions changes	26,459	25,135
Defined post-employment benefit obligation at end of year	659,719	575,796
Other long-term benefits	167,723	159,057
Total provision for long-term employee benefits at end of year	827,442	734,853

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2018	2017
Defined post-employment benefit obligation at beginning of year	134,134	99,752
Current service cost	8,410	7,692
Interest cost	3,675	3,188
Benefits paid during the year	(19,769)	(13,139)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	(700)	5,772
Financial assumptions changes	27,710	17,954
Other assumptions changes	2,500	12,915
Defined post-employment benefit obligation at end of year	155,960	134,134
Other long-term benefits	21,026	20,094
Total provision for long-term employee benefits at end of year	176,986	154,228

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Past service cost	-	160	-	-
Current service cost	65,148	54,821	10,335	9,683
Interest cost	21,051	16,718	4,134	3,595
Actuarial gains	(3,061)	(28,991)	(183)	(5,282)
Total employee benefit expenses	83,138	42,708	14,286	7,996

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 2018 and 2017 amounted to Baht 248 million and Baht 233 million, respectively (The Company only: Baht 65 million and Baht 58 million, respectively).

As at 31 December 2018 and 2017, the Company and its subsidiaries expect to pay long-term employee benefits during the next year of Baht 40 million and Baht 12 million, respectively (The Company only: Baht 18 million and Baht 3 million, respectively).

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefits are 19 years and 20 years, respectively (The Company only: 15 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2018	2017	2018	2017
Discount rate	1.72 - 4.02	1.45 - 3.67	1.72 - 4.02	1.45 - 3.60
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 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements as at 31 December			
	2018		2017	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(22,763)	20,144	(19,200)	20,115
Average salary increase rate	19,709	(22,460)	19,797	(19,000)

	(Unit: Thousand Baht)			
	Separate financial statements as at 31 December			
	2018		2017	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(3,550)	3,686	(3,324)	3,451
Average salary increase rate	3,608	(3,493)	3,399	(3,292)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 213 million (The Company only: Baht 50 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

3.18 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2018	2017	2018	2017
Payable to clearing house	60,565	113,385	-	-
Withholding income tax and other tax payables	477,062	492,052	127,572	90,939
Accrued insurance premium	638,693	628,572	-	-
Deferred income	1,464,621	1,080,943	-	-
Deferred revenue from customer loyalty programs	-	296,865	-	-
Accrued expenses	3,876,110	3,339,489	1,353,893	1,342,337
Suspense creditors	1,082,473	1,282,132	-	-
Other liabilities	360,541	516,889	97	91
Total other liabilities	7,960,065	7,750,327	1,481,562	1,433,367

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 2018 and 2017, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 859 million and Baht 972 million, respectively (The Company only: Baht 419 million and Baht 530 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, floor-plan loans, equity exposure and other assets.

Regarding Capital fund as at 31 December 2018 and 2017, TISCO Bank has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under BOT's regulation.

Capital funds of the Financial Business Group (under Basel III principles) are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2018	2017
<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	19,122,322	17,711,512
Other components of equity	1,458,770	1,649,726
Less: Deductions from Common Equity Tier I items	(1,581,233)	(1,285,612)
Total Common Equity Tier I capital	28,825,723	27,901,490

(Unit: Thousand Baht)

As at 31 December

	2018	2017
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
Total Tier I capital	28,825,822	27,901,589
<u>Tier II capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	682,051	685,518
Reserve for loans classified as pass	729,829	903,089
Total Tier II capital	8,091,880	8,268,607
Total capital funds	36,917,702	36,170,196

(Unit: Percent)

As at 31 December

Capital fund ratios	2018		2017	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	16.75	6.375	14.96	5.75
Tier I capital to risk assets	16.75	7.875	14.96	7.25
Total capital to risk assets	21.46	10.375	19.39	9.75

Capital funds of the TISCO Bank (under Basel III principles) are as follows:

(Unit: Thousand Baht)

As at 31 December

	2018	2017
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	15,959,967	15,036,972
Other components of equity	197,999	218,860
Less: Deductions from Common Equity Tier I items	(972,378)	(734,918)
Total Common Equity Tier I capital	27,928,288	27,263,614
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	27,928,289	27,263,615
<u>Tier II Capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	664,553	668,708
Reserve for loans classified as pass	571,301	739,109
Total Tier II capital	7,915,854	8,087,817
Total capital funds	35,844,143	35,351,432

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2018		2017	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	17.85	6.375	15.98	5.75
Tier I capital to risk assets	17.85	7.875	15.98	7.25
Total capital to risk assets	22.91	10.375	20.72	9.75

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding "Public Disclosure of Capital Maintenance for Financial Business Group", the Company has disclosed capital maintenance information of the Financial Business Group as at 30 June 2018 on its website on 19 October 2018.

3.20 Surplus (deficit) on valuation in available-for-sale investments

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2018	2017
	Balance - beginning of year	144,500
Increase (decrease) from changes in value of investments during the year	(233,032)	270,399
	(88,532)	144,500
Less: The effect of deferred tax liabilities	(2,530)	(47,592)
Balance - end of year	(91,062)	96,908

(Unit: Thousand Baht)

	Separate financial statements as at 31 December	
	2018	2017
	Balance - beginning of year	20,572
Increase (decrease) from changes in value of investments during the year	(82,598)	172,458
	(62,026)	20,572
Less: The effect of deferred tax assets (liabilities)	12,405	(4,115)
Balance - end of year	(49,621)	16,457

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	
	2018	2017
	Balance - beginning of year	1,099,106
Revaluation	387,623	-
Transfer to retained earnings	(31,280)	(12,474)
	1,455,449	1,099,106
Less: The effect of deferred tax liabilities	(291,089)	(219,821)
Balance - end of year	1,164,360	879,285

(Unit: Thousand Baht)

Separate financial statements as at 31 December		
	2018	2017
Balance - beginning of year	281,231	283,109
Revaluation	106,651	-
Transfer to retained earnings	(4,226)	(1,878)
	383,656	281,231
Less: The effect of deferred tax liabilities	(76,731)	(56,246)
Balance - end of year	306,925	224,985

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 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements For the years ended 31 December		
	2018	2017
Interbank and money market items	706,371	584,916
Investments in debt securities	202,092	194,158
Loans to customers	8,090,394	6,608,707
Hire purchase and finance lease	8,691,419	8,993,740
Total interest income	17,690,276	16,381,521

(Unit: Thousand Baht)

Separate financial statements For the years ended 31 December		
	2018	2017
Interbank and money market items	6,164	7,945
Investments in debt securities	2,424	-
Loans to customers	58,705	44,404
Total interest income	67,293	52,349

3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements For the years ended 31 December		
	2018	2017
Deposits	2,602,009	2,313,868
Interbank and money market items	28,988	29,148
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	1,113,755	1,014,368
Issued debt securities		
- Subordinated debentures	320,050	358,945
- Unsubordinated debentures	920,290	983,432
Borrowings	90,415	114,613
Total interest expenses	5,075,507	4,814,374

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Interbank and money market items	1	6
Borrowings	89,469	96,195
Total interest expenses	89,470	96,201

3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Fee and service income		
- Acceptance, aval and guarantees	6,135	8,784
- Insurance service	2,857,353	2,647,709
- Brokerage fees	834,107	830,756
- Fund management	1,262,244	1,418,815
- Financial advisory	35,458	31,414
- Underwriting fee	50,684	164,360
- Others	1,293,112	1,242,814
Total fee and service income	6,339,093	6,344,652
Fee and service expenses		
- Information service expenses	(15,213)	(24,894)
- Others	(228,453)	(221,070)
Total fee and service expenses	(243,666)	(245,964)
Net fee and service income	6,095,427	6,098,688

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Fee and service income	-	-
Fee and service expenses	(17,857)	(16,983)
Net fee and service income	(17,857)	(16,983)

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 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	(7,307)	(84,764)
- Derivatives on interest rates	(1,926)	(13,831)
- Debt securities	15,641	14,738
- Others	(69)	-
Net gains (losses) on trading and foreign exchange transactions	<u>6,339</u>	<u>(83,857)</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Losses on trading and foreign exchange transactions		
- Foreign currencies	(6,700)	(84,761)
Net losses on trading and foreign exchange transactions	<u>(6,700)</u>	<u>(84,761)</u>

3.26 Net gains on investments

Net gains on investments in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Gains on disposal		
- Available-for-sale investments	57,411	22,681
- General investments	437,856	15,476
Total	<u>495,267</u>	<u>38,157</u>
Reversal of losses on impairment		
- General investments	1,024	3,811
Total	<u>1,024</u>	<u>3,811</u>
Net gains on investments	<u>496,291</u>	<u>41,968</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Gains on disposal		
- Available-for-sale investments	24	-
Total	<u>24</u>	<u>-</u>
Losses on impairment		
- Investment in subsidiaries	(1)	-
Total	<u>(1)</u>	<u>-</u>
Net gains on investments	<u>23</u>	<u>-</u>

3.27 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Held-to-maturity debt securities (reversal)	(331)	139
Loans to customers	2,701,783	3,078,512
Total	<u>2,701,452</u>	<u>3,078,651</u>

3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Gains on disposal of properties foreclosed	71,336	81,678
Gains on sales of receivables (Note 5)	52,588	-
Others	80,094	44,274
Total	<u>204,018</u>	<u>125,952</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Rental income	70,489	63,155
Others	416	25,840
Total	<u>70,905</u>	<u>88,995</u>

3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Mailing expenses	70,935	64,773
Software amortisation expenses	167,000	147,878
Legal expenses	514,297	408,073
Transportation expenses	107,317	99,080
Advertising and business promotion expenses	159,791	123,886
Others	361,694	339,385
Total	<u>1,381,034</u>	<u>1,183,075</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2018	2017
Mailing expenses	250	220
Software amortisation expenses	70,218	62,604
Transportation expenses	9,693	8,972
Others	56,759	44,807
Total	136,920	116,603

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Current income tax:				
Income tax expenses for the year	1,929,003	1,727,729	82,974	90,589
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(265,986)	(240,913)	1,418	(30,059)
Income tax expenses reported in the statement of comprehensive income	1,663,017	1,486,816	84,392	60,530

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
(Gains) losses on valuation in available-for-sale investments	45,062	(55,109)	16,520	(34,492)
Change in surplus on revaluation of assets	(77,525)	-	(21,330)	-
Actuarial losses	10,813	30,909	5,902	7,328
Income tax expenses recorded directly to other comprehensive income	(21,650)	(24,200)	1,092	(27,164)

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Accounting profit before tax	8,578,452	7,644,659	5,711,187	4,477,619
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,715,690	1,528,932	1,142,238	895,524
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(21,685)	(28,944)	(1,057,846)	(834,994)
Others	(30,988)	(13,172)	-	-
Income tax expenses reported in the statement of comprehensive income	1,663,017	1,486,816	84,392	60,530

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	
	2018	2017	2018	2017
Allowance for doubtful accounts	713,489	530,279	183,210	179,777
Allowance for impairment of investments	43,726	43,997	(271)	(734)
Allowance for impairment of properties foreclosed	2,374	2,428	(54)	79
Non-accrual of interest income	50,684	42,761	7,923	(2,522)
Depreciation of assets	(69,478)	(53,473)	(16,005)	(20,346)
Finance leases	(162)	6,013	(6,175)	(10,506)
Gains on changes in value of investment properties	(4,927)	-	(4,927)	3,371
Surplus on revaluation of assets	(265,945)	(233,221)	-	-
Surplus on changes in value of investments	(2,530)	(8,118)	-	-
Unrealised loss on derivatives	1,917	5,749	(3,832)	(861)
Deferred commission and direct expenses incurred at the initiation of hire purchase	(592,326)	(532,481)	(59,845)	(33,788)
Losses on disposal of properties foreclosed	21,842	21,752	90	(5,740)
Unearned interest income on hire purchase	179,221	116,891	62,330	3,614
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	606,400	516,996	89,404	121,637
Employee benefit expenses	155,788	134,148	10,209	(3,942)
Others	130,017	127,989	2,028	13,041
Deferred tax assets	991,525	743,145	264,085	243,080

(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	
	2018	2017	2018	2017
Depreciation of assets	1,200	1,082	118	417
Gains on changes in value of investment properties	-	3,486	(3,486)	3,486
Surplus on revaluation of assets	33,813	-	-	-
Surplus on changes in value of investments	-	39,474	-	-
Accrued expenses	(17,406)	(8,618)	(8,788)	7,683
Employee benefit expenses	(8,906)	(12,152)	2,723	(2,120)
Others	(202)	(7,639)	7,532	(7,299)
Deferred tax liabilities	8,499	15,633	(1,901)	2,167

(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	
	2018	2017	2018	2017
Allowance for impairment of investments	21,732	21,732	-	-
Depreciation of assets	(35,883)	(31,681)	(4,202)	(8,320)
Gains on changes in value of investment properties	(92,082)	(92,774)	692	(3,114)
Surplus on revaluation of assets	(76,731)	(57,749)	-	-
(Surplus) deficit on changes in value of investments	12,405	(4,114)	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	266,298	262,856	3,442	42,520
Employee benefit expenses	35,397	30,845	(1,350)	(882)
Others	-	-	-	(145)
Deferred tax assets	152,571	150,550	(1,418)	30,059

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	
	2018	2017	2018	2017
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the year	(175,621)	293,080	(82,574)	172,458
Less: Reclassification adjustments for gains included in profit or loss	(57,411)	(22,681)	(24)	-
	(233,032)	270,399	(82,598)	172,458
Change in surplus on revaluation of assets	387,623	-	106,651	-
Actuarial losses	(56,943)	(155,385)	(29,510)	(36,641)
Share of other comprehensive income of joint venture:				
Cash flow hedges of joint venture	3,517	755	-	-
Other comprehensive income	101,165	115,769	(5,457)	135,817
Income tax effects relating to components of other comprehensive income	(21,650)	(24,200)	1,092	(27,164)
Net other comprehensive income for the year	79,515	91,569	(4,365)	108,653

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2018			2017		
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	(233,032)	45,062	(187,970)	270,399	(55,109)	215,290
Change in surplus on revaluation of assets	387,623	(77,525)	310,098	-	-	-
Actuarial losses	(56,943)	10,813	(46,130)	(155,385)	30,909	(124,476)
	97,648	(21,650)	75,998	115,014	(24,200)	90,814

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2018			2017		
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	(82,598)	16,520	(66,078)	172,458	(34,492)	137,966
Change in surplus on revaluation of assets	106,651	(21,330)	85,321	-	-	-
Actuarial losses	(29,510)	5,902	(23,608)	(36,641)	7,328	(29,313)
	(5,457)	1,092	(4,365)	135,817	(27,164)	108,653

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	
	2018	2017	2018	2017
Profit for the year from continuing operations attributable to equity holders of the Company (Thousand Baht)	6,887,379	6,130,544	5,626,795	4,417,089
Basic earnings per share from continuing operations (Baht/share)	8.60	7.66	7.03	5.52
Profit (loss) for the year from discontinued operations attributable to equity holders of the Company (Thousand Baht)	128,306	(40,536)	-	-
Basic earnings (losses) per share from discontinued operations (Baht/share)	0.16	(0.05)	-	-
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
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 2018 and 2017, the balances of the accounts between the Company and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2018	2017
<u>Outstanding balance</u>		
(Eliminated from the consolidated financial statements)		
Subsidiary companies		
Interbank and money market items - net (Assets):		
TISCO Bank Public Company Limited	641,395	237,201
Dividend receivables:		
TISCO Bank Public Company Limited	3,593,665	2,764,357
TISCO Securities Co., Ltd.	140,000	200,000
TISCO Asset Management Co., Ltd.	934,994	797,995
Hi-Way Co., Ltd.	135,000	100,000
TISCO Information Technology Co., Ltd.	34,999	79,998
TISCO Insurance Solution Co., Ltd.	389,986	164,993
TISCO Learning Center Co., Ltd.	29,998	24,999
Other assets:		
TISCO Bank Public Company Limited	123,647	130,011
TISCO Learning Center Co., Ltd.	705	436
Other liabilities:		
TISCO Learning Center Co., Ltd.	971	161

Loans to related companies

As at 31 December 2018 and 1 January 2018, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	As at 1 January 2018	Increase	Decrease	As at 31 December 2018
Subsidiary Companies				
Loans to customers				
All-ways Co., Ltd.	1,820,000	-	(1,820,000)	-
Hi-Way Co., Ltd.	1,720,000	355,000	-	2,075,000

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 policy
	For the years ended 31 December		
	2018	2017	
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	2,156,929	2,117,903	Determined on market prices and/or actual cost in compliance with the criteria specified by the Bank of Thailand
Interest income	64,714	52,264	With reference to the terms and prices as offered to other customers
Rental income	70,489	63,155	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	199,000	175,000	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	11,759	9,477	With reference to the prices as offered from other service providers
Other expenses	1,962	1,987	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	
	2018	2017
Loans ⁽¹⁾	17,581	15,818

⁽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	
	2018	2017
Deposits	383,693	317,664

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had short-term benefit expense 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	
	2018	2017	2018	2017
Short-term benefits	695	643	400	385
Post-employment benefits	53	50	26	28
Other long-term benefits	126	141	94	88
Total	874	834	520	501

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 2018 and 2017, the Company and its subsidiaries did not have income from any customer amounting to or over 10 percent of their income.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

							(Unit: Million Baht)
	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	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 debt, 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	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

							(Unit: Million Baht)
	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statements
For the year ended 31 December 2017							
Revenue							
External customers	15,740	1,040	1,671	(57)	18,394	-	18,394
Inter-segment	201	265	2	6,870	7,338	(7,338)	-
Total revenue	15,941	1,305	1,673	6,813	25,732	(7,338)	18,394
Operating results:							
Net interest income	11,593	18	7	(42)	11,576	(9)	11,567
Net fee and service income	3,708	1,260	1,661	600	7,229	(1,130)	6,099
Other operating income	640	27	5	6,255	6,927	(6,199)	728
Total operating income	15,941	1,305	1,673	6,813	25,732	(7,338)	18,394
Premises and equipment expenses and amortisation	(1,191)	(79)	(29)	(568)	(1,867)	571	(1,296)
Other operating expenses	(5,979)	(908)	(513)	(1,677)	(9,077)	2,703	(6,374)
Bad debt, doubtful accounts and impairment losses	(3,079)	-	-	-	(3,079)	-	(3,079)
Total operating expenses	(10,249)	(987)	(542)	(2,245)	(14,023)	3,274	(10,749)
Segment profit from continuing operations before income tax	5,692	318	1,131	4,568	11,709	(4,064)	7,645
Income tax expenses							(1,487)
Profit from continuing operations							6,158
Losses from discontinued operations							(41)
Non-controlling interests of the subsidiaries							(27)
Profit for the year - equity holders of the Company							6,090
As at 31 December 2017							
Segment total assets	294,933	4,732	1,613	31,345	332,623	(29,235)	303,388
Premises and equipment - net	780	20	218	872	1,890	763	2,653

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 2018 and 2017, the Company and its subsidiaries recognised the contributions as expenses totaling Baht 268 million and Baht 235 million, respectively (the Company only: Baht 48 million and Baht 47 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

	2018	2017
Other guarantees	753,963	627,912
Undrawn client overdraft facilities	351,660	575,279
Interest rate swap agreements (Note 3.38.4)	1,200,000	1,200,000
Foreign exchange contracts (Note 3.38.4)	717,751	-
Others	517,961	1,034,498
Total	3,541,335	3,437,689

3.37.2 Litigation

As at 31 December 2018 and 2017, the subsidiaries have been sued for compensation totaling approximately Baht 334 million and Baht 345 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.37.3 Other commitments

- a) The subsidiary 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 2018 and 2017, 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

	2018	2017
Payable within:		
Not over 1 year	192	213
Over 1 to 5 years	281	319
Over 5 years	56	70

- c) As at 31 December 2017, the subsidiary company has commitments on computer and operation services agreements in relation to credit card business, whereby it is to pay service fees as

stipulated in the agreements. The subsidiary company has payables to service fees within 1 year amounting to Baht 191 million.

- d) 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.
- e) 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 a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are "Very high grade", "High grade" and "Medium grade", with "Very high grade" credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; "High grade" as credit from which losses within one year are expected to be between 0.2% and 2.0% and "Medium grade" as credit from which losses within one year are expected to exceed 2.0% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

(Unit: Million Baht)

	As at 31 December	
	2018	2017
Neither past due nor impaired		
Very high grade	56,197	55,544
High grade	54,864	53,935
Medium grade	11,777	12,637
Subtotal	122,838	122,116
Hire purchase receivables - overdue for 31 to 90 days	11,319	12,298
Hire purchase receivables - overdue for more than 90 days	3,324	3,189
Total	137,481	137,603

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	
	2018	2017
Marketable financial assets		
Equity securities	279	233
Debt securities	6	3
Derivatives	-	3
Foreign currencies	46	32

3.38.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over the period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

	(Unit: Million Baht)	
	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2018	2017
Change in interest rate		
Increase by 1 percent	263.55	299.01
Decrease by 1 percent	(263.55)	(299.01)

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 2018				
Outstanding balances of financial instruments				
Transactions	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
Receivables 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
Payables 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)

Consolidated financial statements as at 31 December 2017				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,325	1,325
Interbank and money market items - net	232	43,030	1,385	44,647
Investments - net	-	3,957	3,590	7,547
Loans to customers ⁽¹⁾	27,340	220,741	4,019	252,100
Securities and derivatives business receivables - net	-	-	2,342	2,342
	<u>27,572</u>	<u>267,728</u>	<u>12,661</u>	<u>307,961</u>
Financial liabilities				
Deposits	68,049	112,474	281	180,804
Interbank and money market items	442	3,479	96	4,017
Liabilities payable on demand	-	-	431	431
Derivatives liabilities	-	-	30	30
Debts issued and borrowings	-	71,079	-	71,079
Securities and derivatives business payables - net	-	-	2,216	2,216
Payables to clearing house	-	-	114	114
	<u>68,491</u>	<u>187,032</u>	<u>3,168</u>	<u>258,691</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 2018				
Outstanding balances of financial instruments				
Transactions	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>

(Unit: Million Baht)

Separate financial statements as at 31 December 2017				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items - net	7	230	-	237
Investments - net	-	-	870	870
Loans to customers	-	3,540	-	3,540
	<u>7</u>	<u>3,770</u>	<u>870</u>	<u>4,647</u>
Financial liabilities				
Debts issued and borrowings	-	7,440	-	7,440
	<u>-</u>	<u>7,440</u>	<u>-</u>	<u>7,440</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 2018							
Repricing or maturity date							
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Interest rates (%)
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)

Consolidated financial statements as at 31 December 2017							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	35	42,995	-	-	-	43,030	1.5099
Investments - net	-	2,404	1,262	289	2	3,957	2.7386
Loans to customers	3,598	21,238	48,376	119,012	28,517	220,741	7.7769
	<u>3,633</u>	<u>66,637</u>	<u>49,638</u>	<u>119,301</u>	<u>28,519</u>	<u>267,728</u>	
Financial liabilities							
Deposits	2,139	64,558	45,372	405	-	112,474	1.5044
Interbank and money market items	1	994	215	2,269	-	3,479	1.3685
Debts issued and borrowings	37	30,014	11,348	23,000	6,680	71,079	2.1993
	<u>2,177</u>	<u>95,566</u>	<u>56,935</u>	<u>25,674</u>	<u>6,680</u>	<u>187,032</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2018							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - 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>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2017							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	230	-	-	-	-	230	0.8500
Loans to customers	3,540	-	-	-	-	3,540	2.0000
	<u>3,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,770</u>	
Financial liabilities							
Debts issued and borrowings	-	7,440	-	-	-	7,440	1.5766
	<u>-</u>	<u>7,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,440</u>	

The balances of loans to customers (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.38.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations, 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 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 banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary operating banking business also issued subordinated and unsubordinated debentures as another source of fund. On the 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 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

(Unit: Million Baht)

		As at 31 December 2017			
		Remaining contractual maturity			
		Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities		170,031	56,935	32,384	259,350

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	
	2018	2017
Composition of highly liquid assets		
Cash	1,189	1,323
Interbank and money market - net	53,089	43,177
Current investments - net	6,784	5,520
Total highly liquid assets ⁽¹⁾	61,062	50,020
Liquid asset requirement ⁽¹⁾	43,063	30,189

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than the internal liquid asset requirement. As at 31 December 2018 and 2017, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 61,062 million and Baht 50,020 million, respectively, higher than the internal liquid asset requirement, which is daily considered, of Baht 43,063 million and Baht 30,189 million, respectively. In addition, the subsidiary operating 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 2018 and 2017, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements as at 31 December 2018							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loans	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
Receivables from clearing house	-	115	-	-	-	-	-	115
	5,517	76,307	47,510	122,984	46,079	1,369	6,876	306,642
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
Payables to clearing house	-	61	-	-	-	-	-	61
	59,177	87,285	83,020	18,183	6,680	-	-	254,345
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)

Consolidated financial statements as at 31 December 2017

<u>Transactions</u>	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		months	months	years	years		performing	
Financial assets							loans	
Cash	1,325	-	-	-	-	-	-	1,325
Interbank and money market items - net	1,652	42,995	-	-	-	-	-	44,647
Investments - net	-	3,391	2,059	289	2	1,806	-	7,547
Loans to customers	2,503	21,513	49,194	128,921	44,140	-	5,829	252,100
Securities and derivatives business receivables - net	-	2,342	-	-	-	-	-	2,342
	<u>5,480</u>	<u>70,241</u>	<u>51,253</u>	<u>129,210</u>	<u>44,142</u>	<u>1,806</u>	<u>5,829</u>	<u>307,961</u>
Financial liabilities								
Deposits	70,469	64,558	45,372	405	-	-	-	180,804
Interbank and money market items	540	993	215	2,269	-	-	-	4,017
Liabilities payable on demand	431	-	-	-	-	-	-	431
Derivatives liabilities	-	-	-	30	-	-	-	30
Debts issued and borrowings	37	30,014	11,348	23,000	6,680	-	-	71,079
Securities and derivatives business payables - net	-	2,216	-	-	-	-	-	2,216
Payables to clearing house	-	114	-	-	-	-	-	114
	<u>71,477</u>	<u>97,895</u>	<u>56,935</u>	<u>25,704</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>258,691</u>
Commitments and contingent liabilities								
Avals to bills and guarantees of loans	2	10	31	14	-	571	-	628
Other commitments	-	-	13	2,222	-	575	-	2,810

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

<u>Transactions</u>	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		months	months	years	years		performing	
Financial assets							loans	
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>

(Unit: Million Baht)

Separate financial statements as at 31 December 2017								
Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		months	months	years	years		performing	
Financial assets							loans	
Interbank and money market items - net	237	-	-	-	-	-	-	237
Investments - net	-	-	-	-	-	870	-	870
Loans to customers	3,540	-	-	-	-	-	-	3,540
	<u>3,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870</u>	<u>-</u>	<u>4,647</u>
Financial liabilities								
Debts issued and borrowings	-	7,440	-	-	-	-	-	7,440
	<u>-</u>	<u>7,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,440</u>

The Company will disclose the Financial Business Group's Liquidity Coverage Ratio as of 31 December 2018 via the Company's website within April 2019.

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 2018 and 2017, the subsidiary operating banking business was trading financial derivatives instruments as follows:

a) Interest rate swap agreements

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2018		
Maturity	Notional amount	Fair value loss
2019	1,200	(11)

(Unit: Million Baht)

As at 31 December 2017		
Maturity	Notional amount	Fair value loss
2019	1,200	(30)

b) Foreign exchange contracts

The subsidiary operating 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 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)

<u>Transactions</u>	Consolidated financial statements			
	As at 31 December			
	2018		2017	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	1,192	1,192	1,325	1,325
Interbank and money market items - net	54,071	54,071	44,647	44,647
Derivatives assets	6	6	-	-
Investments - net	9,012	9,792	7,547	8,968
Loans to customers and accrued interest receivables - net	232,574 ⁽¹⁾	235,815	242,731 ⁽¹⁾	245,812
Securities and derivatives business receivables - net	949	949	2,342	2,342
Receivables from clearing house	115	115	-	-
<u>Financial liabilities</u>				
Deposits	193,108	193,108	180,804	180,804
Interbank and money market items	4,375	4,375	4,017	4,017
Liabilities payable on demand	238	238	431	431
Derivatives liabilities	11	11	30	30
Debt issued and borrowings	55,557	55,537	71,079	71,232
Securities and derivatives business payables - net	995	995	2,216	2,216
Payables to clearing house	61	61	114	114

⁽¹⁾ As at 31 December 2018 and 2017, book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 2,951 million and Baht 2,088 million, respectively.

(Unit: Million Baht)

<u>Transactions</u>	Separate financial statements			
	As at 31 December			
	2018		2017	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	70	70	70	70
Interbank and money market items - net	641	641	237	237
Investments - net	780	780	870	870
Loans to customers and accrued interest receivables - net	2,075	2,075	3,540	3,540
<u>Financial liabilities</u>				
Debts issued and borrowings	5,840	5,840	7,440	7,440

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 2018 and 2017, 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 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
Receivables 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
Payables 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)

	Consolidated financial statements				Total
	As at 31 December 2017				
	Book value	Fair value			
Level 1		Level 2	Level 3		
Assets measured at fair value					
Available-for-sale investments					
Equity securities	449	449	-	-	449
Debt securities	5,743	-	5,743	-	5,743
Unit trusts	935	870	65	-	935
Investment properties	32	-	-	32	32
Office condominiums	1,952	-	-	1,952	1,952
Liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	30	-	30	-	30
Assets for which fair value is disclosed					
Cash	1,325	1,325	-	-	1,325
Interbank and money market items - net	44,647	2,278	42,369	-	44,647
General investments	420	-	-	1,841	1,841
Loans to customers and accrued interest receivables	242,731 ⁽¹⁾	-	63,353	182,459	245,812
Securities and derivatives business receivables - net	2,342	-	2,342	-	2,342
Liabilities for which fair value is disclosed					
Deposits	180,804	68,329	112,475	-	180,804
Interbank and money market items	4,017	844	3,173	-	4,017
Liabilities payable on demand	431	431	-	-	431
Debts issued and borrowings	71,079	-	71,232	-	71,232
Securities and derivatives business payables - net	2,216	-	2,216	-	2,216
Payables to clearing house	114	114	-	-	114

⁽¹⁾ Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 2,088 million.

(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					
Cash	70	70	-	-	70
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

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2017				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Available-for-sale investments					
Unit trusts	870	870	-	-	870
Investment properties	835	-	-	835	835
Office condominiums	534	-	-	534	534
Assets for which fair value is disclosed					
Cash	70	70	-	-	70
Interbank and money market items - net	237	7	230	-	237
Loans to customers and accrued interest receivables	3,540	-	-	3,540	3,540
Liabilities for which fair value is disclosed					
Debts issued and borrowings	7,440	-	7,440	-	7,440

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	Ordinary share		
		(Baht per share)	(Baht per share)		
Annual dividends for 2016	The 2017 Annual General Meeting of the Shareholders on 20 April 2017	3.50	3.50	2,802	May 2017
Total dividend payment in year 2017				2,802	
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	

5. Significant events during the year

On 30 March 2018 TISCO Bank Public Company Limited and All-Ways Company Limited (a subsidiary) signed agreements for the sales of a personal loan portfolio and a credit card business to Citibank N.A. (Bangkok Branch), with TISCO Bank the seller of the personal loan portfolio and All-Ways the seller of the credit card business.

On 4 June 2018 TISCO Bank Public Company Limited successfully completed the sale of the personal loan portfolio to Citibank N.A. (Bangkok Branch), and All-Ways Company Limited successfully completed the sale of the credit card business to Citibank N.A. (Bangkok Branch) with the transfer effective on 23 September 2018.

To comply with the requirements of accounting standards, the Company presented the operating results of the transferred credit card business (the discontinued operations) under "Profit for the year from discontinued operations" in the consolidated statement of comprehensive income for the accounting year of 2018, and that of 2017 for comparative purposes. The details are as follows:

(Unit: Million Baht)

	For the years ended 31 December	
	2018	2017
<u>Consolidated statement of comprehensive income</u>		
<i>Profit or loss:</i>		
Interest income	214	88
Interest expenses	-	-
Net interest income	214	88
Fee and service income	128	28
Fee and service expenses	(23)	(4)
Net fee and service income	105	24
Net losses on trading and foreign exchange transactions	(8)	(3)
Gain on sale of credit card business	336	-
Total income	647	109
Operating expenses	(438)	(90)
Bad debt, doubtful accounts and impairment losses	(81)	(21)
Profit (loss) before income tax expenses	128	(2)
Income tax expenses	-	-
Profit (loss) for the year from discontinued operations	128	(41)
Total comprehensive income from discontinued operations	128	(41)

6. Reclassification

The Company and its subsidiaries have reclassified some items in the statements of comprehensive income for the year ended 31 December 2017 in order to correspond to the classification in the current year. However, there is no impact on net profit or equity.

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the year ended 31 December 2017	
	As reclassified	As previously reported
Fee and service income	6,344,652	6,395,607
Income from business promotion relating to the business	-	751,879
Expenses from business promotion relating to the business	-	774,535

7. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 14 February 2019.

Summary of Specified Items per Annual Report (Form 56-2)

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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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