

**TISCO**

Annual Report 2014

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## Report from the Board of Directors

2014 was yet another challenging year for Thai economy, given the political unrest which followed by a coup and continued uncertainties. The overall GDP growth was slowdown to mere 0.7%, without promising sign of long anticipated recovery. Optimism which relied on investment revival following public infrastructure spending eventually faded due to longer than expected time required while other weak economic drivers, e.g. export, farm income, domestic consumptions, etc., further added pressure on recovery. While high level of household debts still persisted as a drag on domestic economy, the global markets, with exception of the US., were also experiencing slowdown in general. Despite that the US Fed's quantitative-easing program may start to unwind soon, due to picking up in the US economy, liquidity started to be pumped out elsewhere from other large economies, such as Japan and the Eurozone, in order to boost growth and combating deflation. The Oil price collapse towards the end of the year should give some positive input to the overall economy, however some key economic sectors, particularly those related to commodity prices, would still be negatively affected.

TISCO business in 2014 thus underwent a slow growth period as a result of weak economy. In particular, a major part of TISCO business in auto lending also experienced a sharp slowdown due to the effect from the ending of the government stimulus program under 1st car buyer program which ended in early 2013. The units of car sales sharply dropped 34% from the previous year as most of demands for car buying were pull forwarded to the years during the incentive scheme were effective. As a result TISCO loan portfolio shrunk by more than 8% for the year.

Despite low level of loan growth, however, TISCO managed to deliver a strong profitability result in 2014, with a net profit flat compared to the previous year of 4,250 million Baht. This is contributed by the ability to manage revenue stream through lowering of the cost of fund, as well as developing of additional sources of fee incomes to compliment the decline in loan base business activities. As a result, TISCO total revenue for the year still achieved a positive growth rate of 4%. In year 2014, the asset quality pressure resulted from used car price plunge situation, although remained high, started to subside. Total credit cost level was slightly up from the previous year as a result of persistently high loss rate from sales of repossessed car, however started to show sign of improvement towards the year end. All in all, TISCO shareholders' return on equity for the year remained firm at 17.4% while the group capital position also further strengthened with a BIS ratio of over 16%.

TISCO's businesses continued to provide extensive financial services to clients in the three areas – Retail Banking, Corporate Banking, and Wealth & Asset Management. The **Retail Banking business** evidently experienced slowdown in the loan-based business, following the sharp decline in auto sales and slow credit growth amidst persistently high household debt environment. However, fee based business, particularly bancassurance business, continued to successfully expand in terms of product offerings, client penetrations, and distribution channels. Meanwhile, consumer finance business under the brand "Somwang" continued to expand distribution and service channels with a network nearly reached 100 branches nationwide. The **Corporate Banking** business also experienced overall slowdown in loan portfolio expansion. Although business with larger corporates continued to exhibit small growths following continued capital expenditure projects and capital market solutions, several projects and capital market deals have been delayed for launch, pending better market demand and stock market sentiment. Meanwhile, SME business saw a substantial decline over the year, mainly resulted from a sharp drop in car dealer inventory financing business which contracted with industry car sales.

Meanwhile **Wealth & Asset Management business** delivery relatively strong performance, with the continued commitment to be "Top Advisory House" in delivering products and services. While being able to deliver quality investment and savings products and services to clients, the group was also able to effectively manage to lower down the cost of funding for the banking business, and enhance business volume for the fee-based investment products. In banking business, TISCO group cost of fund was continually reduced by 10% over the year while still maintaining strong liquidity position. In asset management, TISCO Asset Management succeeded to become the best, with TISCO Mid/Small Cap Open Ended Equity Fund ranked number 1 giving the highest returns in the industry for the year 2014. The company also maintained as a successful market leader in trigger fund product, with consistent and successful issuances of funds in both Thai and foreign markets, maximizing investment opportunities for TISCO clients. In Securities business, TISCO Securities has launched "Stock Scan" application to facilitate clients with stock self-customization to match different lifestyles. Moreover, "TISCO Global Trade" was introduced as an offshore trading service providing international access to major stock exchanges, offering great opportunities to invest in leading global corporations around the world. As the affirmation of our success, TISCO Securities received "Outstanding Securities Company Awards" for 2 categories – institutional investors for the fourth consecutive year and retail investors for the second consecutive year – in SET Awards 2014.

TISCO's strong good governance culture and risk management practices continued with ongoing refreshments to reinforce organization sustainability. During the year, Corporate Governance Committee appointed by the Board, has thoroughly re-evaluated and revisited the group corporate governance policy, with the purpose to enhance CG standard to keep up with the international best practices. With the continuity in transparency and good governance practices, TISCO received "NACC Integrity Award 2013" from the National Anti-Corruption Commission (NACC) for the second year. In addition, TISCO also received, for the fourth consecutive year, "Top Corporate Governance Report Awards" during SET Awards 2014, emphasizing the outstanding corporate governance reports and the excellent risk management practices.

To further enhance organizational competency, TISCO has initiated an inside-out business transformation project to re-orient operation and IT platform to become fully customer-oriented with maximum efficiency and agility. The 3-year project would shift the traditional operation level to the innovative and modernized process in all business operations, to ensure the flexibility, simplicity and agility. This aims to provide fast & effective responses to the dynamic changes in customer behaviors and business environments. At the same time, great emphasis is continued to be put on human resource management. TISCO invested a great deal in people, strengthening both core value and expertise. Core value communication program has been carried out to cultivate the element of the "TISCO 4H Values", namely Head, Heart and Hand to build a Happy organization, which simplifies the value of thinking, being, and acting to yield the ultimate human resources organizational goal. For competency development, comprehensive competency assessment, and learning and development programs have been carried out to close competency gaps by TISCO Learning Center through the year.

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On corporate social responsibility, TISCO integrated CSR activities into business operations, aiming to create sustainable value to both the company and the society. In the past year, TISCO continued to encourage educational development, financial literacy and ESG support programs. A variety of financial educations were offered as in-process activities, e.g. advisory on investment for depositors and investors, financial education for SME startups, and advisory on environmental-friendly business operation. Furthermore, "TISCO Youth Financial Camps" were held regularly to educate youths and community with financial proficiency. For the first time, TISCO participated in "Sathorn Model" Project by World Business Council for Sustainable Development (WBCSD), in the attempt to decrease traffic congestion on Sathorn road and shift traffic demand from vehicle to public transportation. With more focus on the in-process CSR activities, TISCO would be able to form fundamental efficiency while support social and environmental betterment simultaneously.

The year to come is expected to show gradual recovery, from the revival in consumption and investment. Albeit uneven global economic outlook, government's stimulus and infrastructure plan are the key to drive economy into sustainable recovery, as well as the increased opportunity from AEC market integration. The road to recovery is still long but it is believed that Thai economy and the banking sector will be resilience enough to withstand any potential challenges.

The board would like to extend our appreciation to all clients, business partners, and shareholders for their long-term support for TISCO through all the good and bad times. Combined with complete dedication, full commitment and hard work of management team and staffs, it is confident that TISCO will thrive through these challenges with long-term sustainable successes for the year to come.

***Board of Directors***

## **Part 1**

### **1. Overview of TISCO Business**

#### **1.1 Important Changes and Developments during the past 5 years**

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

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

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<sup>1</sup> Except the company which ceased and the company in liquidation process.

## 1.2 Businesses of TISCO Group

As TISCO Financial Group Public Company Limited operates as shareholders in other companies with no other major business, the competitive position can be categorized by business operations of companies in TISCO Group which divided into 2 main businesses: commercial banking business and securities business which offer various kinds of financial services in order to satisfy customers' need. After completion of restructuring plan, the TISCO Group's structure as of December 31, 2014 is shown below



## 1.3 Revenue structure

The revenue structure of the TISCO Group is as follows.

(unit: Million baht)

	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
<b>Interest Income</b>						
- TISCO Bank Plc.	14,202	108.7	17,900	114.3	17,934	114.8
- Hi-Way Co., Ltd.	602	4.6	690	4.4	698	4.5
- Other Subsidiaries	177	1.4	371	2.4	259	1.7
<b>Total Interest Income</b>	<b>14,981</b>	<b>114.7</b>	<b>18,961</b>	<b>121.1</b>	<b>18,891</b>	<b>121.0</b>
Total Interest Expenses	(8,042)	(61.6)	(10,144)	(64.8)	(9,351)	(59.9)
<b>Net Interest Income</b>	<b>6,940</b>	<b>53.1</b>	<b>8,817</b>	<b>56.3</b>	<b>9,540</b>	<b>61.1</b>
<b>Fee and Service Income</b>						
- TISCO Bank Plc.	2,488	19.0	3,282	21.0	3,059	19.6
- TISCO Securities Co., Ltd.	983	7.5	1,186	7.6	976	6.2
- TISCO Asset Management Co., Ltd.	852	6.5	874	5.6	1,088	7.0
- Other Subsidiaries	85	0.7	75	0.5	64	0.4
Fees and Service Income	<b>4,408</b>	<b>33.7</b>	<b>5,417</b>	<b>34.6</b>	<b>5,187</b>	<b>33.2</b>
Fees and Service Expenses	(279)	(2.1)	(226)	(1.4)	(212)	(1.4)
<b>Net Fees and Service Income</b>	<b>4,129</b>	<b>31.6</b>	<b>5,191</b>	<b>33.2</b>	<b>4,976</b>	<b>31.8</b>
Other Operating Income	1,997	15.3	1,647	10.5	1,108	7.1
<b>Total Operating Income</b>	<b>13,065</b>	<b>100.0</b>	<b>15,655</b>	<b>100.0</b>	<b>15,624</b>	<b>100.0</b>

#### 1.4 TISCO Group Business Strategy

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

##### **Vision, Mission, and Values for business operations**

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

Our Vision is "Mastery in Wealth of Possibilities".

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

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

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

##### **Strategic Plan and Strategy Map**

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

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

##### **Strategic action for the organization**

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

1. Deliver the best solutions for clients in order to satisfy their needs by transforming the organization to become Customer Centric.

2. Enhance distribution channels and the marketing team as well as continually identify new business opportunities in niche markets in order to maximize customer reach. In addition, TISCO Group offers services and products totally based on clients' needs, with an aim to maximize customers' satisfaction.
3. Emphasize on quality product development to deliver the best solutions for clients, including enhance banking infrastructure and automate working process to support growth in business volume and service channels.
4. Build corporate branding and preserve corporate image in order to widely promote TISCO Group's product and services as well as business synergy among companies in TISCO Group. Customer Relationship Management is also employed for business opportunity expansion as well as maintaining good relationship with clients.
5. Focus on improving information technology, business decision support system and personnel development in order to shift efficiency in business operations.



## 2. Business Operations by Area

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

**Commercial banking business:** TISCO Group offers financial services under its Commercial Banking Business license. Banking services are offered through its subsidiary, TISCO Bank’s (“the Bank”). As of December 31, 2014, the Bank had 56 branches in every regions of Thailand. The locations of bank branch by region are shown as follows

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

Moreover, TISCO Group also provides service of consumption loan through distribution network of Hi-Way Co., Ltd. with 91 branches nationwide.

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

### 2.1 Area of Services

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

#### 1. Retail Banking

Retail Banking group provides 2 service types as follows.

##### 1.1 Retail Loans

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

- **Hire-Purchase Financing**

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

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

As of December 31, 2014, hire-purchase loans were 165,095.00 million baht, decreased by 9.6% from 182,562.55 million baht in 2013 mainly following the unfavorable domestic economy and shrinking domestic car sales.

**Table shows details of car and motorcycle hire purchase loans**

Hire Purchase	December 31, 2012 (Million baht)	December 31, 2013 (Million baht)	December 31, 2014 (Million baht)	Growth rate (%)
Car	160,557.87	179,829.43	162,329.59	(9.7)
Motorcycle	2,305.52	2,733.12	2,765.41	1.2
<b>Total*</b>	<b>162,863.39</b>	<b>182,562.55</b>	<b>165,095.00</b>	<b>(9.6)</b>

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

In 2014, TISCO Group (specified for TISCO Bank and credit granting companies) granted hire purchase loan for new car, ranked by car brands contribution, with 27.1% from Ford, 22.9% from Mazda, 13.6% from Chevrolet, 12.2% from Isuzu, 8.0% from Toyota and 16.2% of other brands. The proportion of hire purchase loan between new car and used car were 83% and 17%. In addition, the TISCO Group's strategy is to continue on expanding hire-purchase financing, given the ongoing market demand with the enhancement of service quality while continues to offer variety of services, as well as effective control of asset quality rather than engaging in price competition. In addition, the interest rates charged are competitive and the maximum payment period is in compliance with the Bank of Thailand rules.

#### • Consumer Loans

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

**Mortgage Loans** are granted to acquire residential property, including multipurpose loans, which use property as collateral to support the client's liquidity. The repayment terms vary from 3 to 30 years with full collateral, with interest rates either floating or fixed in the first three years and floated rate for the remaining years.

As of December 31, 2014, mortgage loans were 1,310.82 million baht, decreased by 8.2% from 1,428.19 million baht in 2013 partly due to an economic slowdown.

**Consumption Loans** are operated by TISCO Bank Plc, and Hi-Way Co., Ltd; providing multipurpose lending for individuals such as personal loans, loans against car and motorcycle registration, loans, and loans to provident fund members. The repayment periods vary from 6 to 60 months depending on client's lending purpose and earning ability. The flagship consumption loans product of the Bank is loan against car registration, namely "TISCO Auto Cash", a multipurpose loan for car owner who needs financing. The strengths of TISCO Auto Cash loan are convenient, speedy, and competitive interest rate compared with general consumer loan. Furthermore, the customers can update the service of TISCO Auto Cash via [www.tiscoautocash.com](http://www.tiscoautocash.com). To enhance customers' convenience, TISCO Group expanded distribution channels of loans against car and motorcycle registration nationwide under "Somwang" in which 91 of Somwang branches have been operated. As of December 31, 2014, consumption loans were 15,088.34 million baht, increased by 4.6% from 14,424.50 million baht in 2013.

**Table shows details of retail loans**

Retail Finance	December 31, 2012		December 31, 2013		December 31, 2014		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Hire purchase loans	162,863.39	93.1	182,562.55	92.0	165,095.00	91.0	(9.6)
Mortgage loans	1,455.60	0.8	1,428.19	0.7	1,310.82	0.7	(8.2)
Consumption loans	10,711.71	6.1	14,424.50	7.3	15,088.34	8.3	4.6
<b>Total</b>	<b>175,030.69</b>	<b>100.0</b>	<b>198,415.24</b>	<b>100.0</b>	<b>181,494.16</b>	<b>100.0</b>	<b>(8.5)</b>

### **Customer and Distribution Channels**

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

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

#### **1.2 Bancassurance**

The Bank has been granted Insurance Broker License since 2005 from the Department of Insurance, under the Ministry of Commerce. The Bank provides insurance brokerage services for both life and non-life insurances covering various types of insurances. Over 9 years of service, the Bank aims to select and develop both life and non-life insurance products that match with risk of each customer segment. For non-life insurance, the service includes motor insurance, fire insurance, accidental insurance, critical illness insurance, and miscellaneous insurance. For life insurance, the service includes group-life insurance, health insurance. At present, the Bank has partnered with strong financial stability, and leading insurance companies.

In 2014, the Bank focus on enhancing features of motor insurance, health care insurance especially on critical illnesses segment and annuity for retirement. For motor insurance, the Bank improved the feature of motor insurance-Type 3+ which provides protection higher than general motor insurance Type 3+ in the market by increasing coverage value for insured vehicle in any accident along with special protection against in-car personal belongings with the coverage up to 40,000 baht, coverage include terrorism, 24hr emergency service, altogether with competitive pricing. This new motor insurance protection is named "One mini" which got the well-response from the customer. For the health care insurance, the Bank designed a new product namely "Zero Cancer plan" under concept "Early detection of cancer improves prognosis" the insured person will immediately receive indemnity when the cancer is detected with maximum medical fee coverage up to 1 million baht as the insured person can reimburse the actual medical fee until the limit is full. Amidst the rising of aging society in the country, the Bank put more emphasis to innovate annuity product which supports customer's demand. The customer can select the retirement plan for either 55 or 60 years old together with short or long premium payment period. This annuity product is named "My wish-Retirement Plan", which has been offered towards various bank sales channels. In addition, the Bank has also enhanced product knowledge of salesperson and develop product & indemnity service team to ensure that customer receives sound product information and the best after-sales services.

## **2. Corporate Banking**

Corporate Banking group provides 3 service types as follows

### **2.1 Corporate Lending**

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

- **Working Capital Loans**

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

- **Project and Term Loans**

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

- **Other Commercial Loans**

Other than the two above-mentioned types, the Bank also provides credit for other commercial purposes such as loans against deposits or liquid assets with short or medium terms using liquidity assets as collateral. This segment includes

loans for investment, which are medium or long-term funds which investors use to buy assets, such as property, which they then use as collateral, with the terms and conditions of the loan set according to asset earning ability.

- **Guarantee and Aval Services**

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

- **Loan Consultancy and Related Services**

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

- **Custodian Service**

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

## 2.2 Commercial Lending

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

As of December 31, 2014, TISCO Group had a corporate lending portfolio of 53,083.22 million baht (accounted for 20.2% of total loans) increased by 3.8% (YoY) from 51,121.63 million baht at the end of 2013. The commercial loan portfolio stood at 23,389.51 million baht, decreased by 27.9% (YoY) from 32,034.44 million baht at the end of 2013 due to the decrease of loan demand for car dealer. The loan portfolios are detailed as follows

Type of Business	December 31, 2012		December 31, 2013		December 31, 2014		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Manufacturing and commerce	17,226.31	6.9	17,739.39	6.2	18,862.96	7.2	6.3
Real estate and construction	10,203.97	4.1	11,417.61	4.0	12,160.59	4.6	6.5
Public utilities and services	14,888.26	6.0	21,554.03	7.5	21,802.94	8.3	1.2
Agriculture and mining	675.20	0.3	410.61	0.1	256.73	0.1	(37.5)
<b>Corporate Lending</b>	<b>42,993.75</b>	<b>17.3</b>	<b>51,121.63</b>	<b>17.8</b>	<b>53,083.22</b>	<b>20.2</b>	<b>3.8</b>
<b>Commercial Lending</b>	<b>25,780.61</b>	<b>10.4</b>	<b>32,034.44</b>	<b>11.2</b>	<b>23,389.51</b>	<b>8.9</b>	<b>(27.0)</b>
Retail loans and other loans	179,541.32	72.3	203,258.59	71.0	186,311.10	70.9	(8.3)
<b>Total TISCO Loan</b>	<b>248,315.68</b>	<b>100.0</b>	<b>286,414.66</b>	<b>100.0</b>	<b>262,783.83</b>	<b>100.0</b>	<b>(8.3)</b>

### Customer and Distribution Channels

The target customers are mainly customer base who have established long-term relationship with the Bank, and new customers from industries that support economic growth or sectors with strong government backing, such as automobile and parts, agriculture and food processing, transportation and logistics, and petrochemicals. In addition, future infrastructure projects, such as those in the energy, property development, and construction sectors, are also within our scope of interest.

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

## 2.3 Investment Banking

TISCO Securities Co., Ltd is a leader in investment banking service with a long-established reputation more than 45 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 industries such as oil & gas, power, telecommunications, banking, transportation, health care, media and 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 2014, TISCO's investment banking was trusted by our customers to provide financial advisory services to various businesses including financial advisory service for the merger and acquisition, company valuation, and underwriting service for the Initial Public Offering ("IPO"). The highlighted transaction in year 2014 includes the financial advisory service for Rojana Industrial Park Plc. ("ROJNA") for the acquisition of TICON Industrial Connection Plc. ("TICON") with total size of 6,500 million baht. Likewise, Investment Banking team also provided financial advisory for the capital increase of ROJNA totaling 2,800 million baht. Additionally, there are ongoing 7-8 initial public offering deals with the total offering size of 20,000 million baht whereby part of them will be carried out within 2015.

### **3. Wealth & Asset Management**

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

In 2014, TISCO Wealth continued to focus on the service excellence by extending coverage of investment advisory solution to all asset classes. In this aspect, TISCO's Economic Strategy Unit has issued the "Global Economic Review", an in depth analysis on the global economy and "Global Wealth Strategy", a comprehensive examination of financial markets and potential investment ideas for TISCO Wealth customers. In addition, an analysis report covering hot issue of economic and investment topics namely "Special Issues", have been issued to provide updated information to TISCO Wealth customers. This will keep our customer well-informed on changing investment environment as well as potential opportunities available. Customers are able to follow TISCO's research publications at [www.tiscowealth.com](http://www.tiscowealth.com). In addition, TISCO Wealth has initiated "TISCO Investment Center" or investment consultancy service to provide effective investment management service towards TISCO Bank branch. TISCO Wealth has also emphasized to enhance staff capability and high service quality whereby there were more than 90% of investment consultants who hold investment license in 2014.

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

#### **3.1 Private Banking**

Private Banking is responsible for high net-worth clients having deposits and investment portfolio more than of 20 million baht. The private banking services include bank deposits, cash management services, professional financial and investment advisory as well as fund management services. In 2014, TISCO Bank continued to provide in depth investment advisory service covering all investment types and asset classes around the world through TISCO Investment Center, a bank branch in which was initially established at Siam square one. In addition, TISCO has regularly arranged investment seminars by TISCO Investment Guru to support investors' needs.

#### **3.2 Retail Deposit**

TISCO Bank has provided variety of deposit products such as current, savings and fixed deposits along with related financial product for instance cashier cheque, personal cheque, cheques clearing and money transfer at headquarter and branches channel. In 2014, TISCO focused on all-round financial and investment products by offering a savings account with high return and high liquidity, namely Diamond Savings, targeting at customers who have deposits more than 1 million baht combined with account privilege, and offering Super Savings targeting at customers who have deposits less than 1 million baht. This deposit account can be withdrawn 4 times a month with no limited amount and no fee charged for crossing area withdrawal. Moreover, TISCO Bank promote short and medium term fixed deposit by launching deposit campaign namely "TISCO Special Fixed Deposits 5-Month 2.8%" during year end period. In addition, TISCO launched 4 new branches including Banglumpoo, Nipatuthit 2-Hat Yai, Siam Square One and Mega Bangna. These new branches have covered all type of financial & investment products of TISCO Group.

#### **3.3 Private Sales Brokerage**

Private Sales Brokerage is operated by TISCO Securities Co., Ltd offering brokerage services to retail clients through head office in Bangkok, a branch in Bangkok at Esplanade Center, and four other branches upcountry, namely Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, and Udon Thani. Service foundation of TISCO Securities Co., Ltd is built on quality and client

satisfaction while adhering to ethics and service integrity. In addition, client can choose services by placing orders through their designated marketing officers or placing order by themselves through internet channel.

At the end of 2014, TISCO Securities Co., Ltd's market share of individual customer was at 2.0% as same as in 2013. The strategy for Private Sales Brokerage aims at expanding market aggressively in term of customer base, trading volume, variety of services, and developing new technology. In 2014, TISCO Securities Co., Ltd ("TISCO Securities") has continually joined the Banker to Broker project with the Stock Exchange of Thailand. The project has accommodated customer to register securities trading account of both equity and derivatives at TISCO Bank branches. As the result, the project contributed significant amount of new securities trading accounts. Furthermore, TISCO Securities has expanded offshore investment platform by launching TISCO Global Trade service which is equity and ETFs offshore trading service. TISCO Securities provide comprehensive research of major global capital markets as well as individual foreign stocks towards TISCO Global Market Strategy and TISCO Global Equity Strategy. These researches have helped customers in selection of strong fundamental stocks with high potential growth from each market.

Meanwhile, TISCO Securities enhanced service capability towards deployment of new technology. For instance, Stock Scan application which is a tool that help customer to sort out prominent stock according to investment style and their risk appetite, TISCO eTrade application for iPhone and iPad, and etc. In addition, TISCO Securities has continually promoted marketing activity and provide investment knowledge in Bangkok and key provinces as well as joining Bangkok Saving and Investment 2014 project, which was a collaboration between the Stock Exchange of Thailand and Bangkok Metropolis Administration, to promote saving and investment through bank branch in business area of Bangkok.

**Table shows information on TISCO Securities business**

(Unit: Million baht)

<b>Information of TISCO Securities Business</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Trading values of Individual Customer	189,638.84	255,280.38	240,369.35
Overall Market Share – Company <sup>1</sup>	2.9	3.0	2.9
Market Share – Individual Customer	2.0	2.0	2.0

<sup>1</sup> SET and MAI

Source: TISCO Securities Co., Ltd.

### **3.4 Institutional Brokerage**

TISCO Securities Co., Ltd, as a member number two on the Stock Exchange of Thailand, offers brokerage services to institutional clients through head office in Bangkok. As of December 31, 2014, the market share of institution customer was 3.6% comprised of 3.9% from local institution investor and 3.3% from foreign institution investor. In 2014, TISCO Securities Co., Ltd's strategy aims at expanding the market aggressively by brought leading corporation's representatives to meet with global investors. In addition, TISCO Securities and Deutsche Bank Group have jointly established a company namely "Deutsche TISCO Investment Advisory Company Limited" to provide world-class equity research and strategic investment advisory service for domestic and foreign institutional investors.

**Table shows information on TISCO's Securities Business**

(Unit: Million baht)

<b>Information of TISCO Securities Business</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Trading values of Institutions Customer</b>	<b>218,700.18</b>	<b>369,816.11</b>	<b>297,658.92</b>
- Domestic	85,598.94	152,829.40	151,084.45
- Foreign	133,101.34	216,986.71	146,574.48
<b>Market Share – Institutions Customer<sup>1</sup></b>	<b>3.1</b>	<b>3.5</b>	<b>3.6</b>
- Domestic Institutions	2.6	2.9	3.9
- Foreign Institutions	3.5	4.1	3.3

<sup>1</sup> SET and MAI

Source: TISCO Securities Co., Ltd.

### **3.5 Asset Management**

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

#### • Provident funds

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

As of December 31, 2014 there were 72 provident funds with a net asset value of 110,451.63 million baht, up by 7.6% (YoY), representing 3,688 companies and 546,693 members. As of December 31, 2014, the provident fund business accounted for a market share of 13.2% putting the company in 3<sup>rd</sup> 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	2012	2013	2014	% Growth
Single Fund	49,133.22	46,597.87	48,344.09	3.7
Master Fund	46,183.05	56,096.63	62,107.54	10.7
<b>Total</b>	<b>95,316.27</b>	<b>102,694.50</b>	<b>110,451.63</b>	<b>7.6</b>

#### • Private funds

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

As of December 31, 2014, there were 318 private funds with net asset value of 29,645.55 million baht, decreased by 6.8%. As of December 31, 2014, the private funds business accounted for a market share of 6.2%, putting the company in 8<sup>th</sup> 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	2012	2013	2014	% Growth
Juristic person	22,536.86	21,256.45	18,842.67	(11.4)
Individual	10,618.50	10,557.15	10,802.88	2.3
<b>Total</b>	<b>33,155.36</b>	<b>31,813.60</b>	<b>29,645.55</b>	<b>(6.8)</b>

#### • Mutual funds

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

As of December 31, 2014, mutual funds under management by the Company totaled 71 funds, with net asset value of 29,619.55 million baht. As of December 31, 2014, the mutual fund business accounted for a market share of 0.8% and ranked 13<sup>th</sup> in the overall mutual fund market.

#### Distribution Channels

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

### 3.6 Cash Management Services

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

#### 4. Corporate Affairs & CSR

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

- Enterprise Risk Management, Risk Research, Operational Risk Management, Credit Control, Planning & Budgeting, Corporate Accounting, Regulatory & Management Report, Data Analysis & Management, Investor Relations, Investment
- Product Development and Marketing, New Technology & E-Channel, Bancassurance
- Corporate Secretariat Office, Compliance, Legal Office, Corporate Services, Internal Audit
- Economic Strategy
- Human Resource Strategy, Human Resource Services, Corporate Marketing & Communication
- Transformation, Productivity, Data Management, Project Management Office, Solutions Development, Enterprise Architecture

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

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

As of December 31, 2014, the investment portfolio of debt and equity instruments was 14,795.46 million baht, increased by 28.8% from 11,489.60 million baht in 2013 mainly from an increase in fixed income investment.

## 2.2 Market and Competition

### 2.2.1 Commercial Banking Business

#### • Market

As of December 31, 2014, there were 30 banks, composed of 16 Thai commercial banks and 14 subsidiary and branches of foreign banks. The conditions of deposits and loans market are detailed as follows

#### Deposits

As of December 31, 2014, deposits in Thai commercial bank industry<sup>1</sup> were at 10,888,161 million baht, up by 6.5% (YoY), decelerated from growth rate of 9.7% in 2013, driven by weak loan demand. At the end of 2014, average 3-month deposit interest rate of the top four large banks was at 1.30%, decreased from 1.76% at the end of year 2013 as the Bank of Thailand cut the policy rate to accommodate the domestic economic recovery as the economy was affected by various risk factors including high level of household debt and political unrest. In 2014, the Bank's deposit<sup>2</sup> was 206,428.23 million baht, down by 22.3% (YoY), comprising of 206,391.31 million baht of deposits and 36.92 million baht of short-term borrowings.

**Table showing movement of average interest rates of Thai commercial banks**

(Unit: % per year)

	2012	2013	2014
Minimum Lending Rate (MLR) <sup>/1</sup>	7.00	6.84	6.75
3-month fixed deposit rate <sup>/1</sup>	1.84	1.76	1.30

<sup>/1</sup> 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.

<sup>1</sup> Summary of Assets and Liabilities Form (C.B. 1.1) Bank of Thailand

<sup>2</sup> Deposit includes the short-term borrowings



### Loans

As of December 31, 2014, total outstanding loans of Thai commercial bank industry were 9,891,898 million baht, up by 4.2% (YoY) following domestic economic slowdown. At the end of 2014, the average MLR at the top four large banks was at 6.75% per year, decreased from 6.84% per year at the end of year 2013, which was in line with the decline of policy rate. The Bank's loan was 258,041.68 million baht, down by 8.1% (YoY).

**Table exhibits comparison of assets, deposits and loans as of December 31, 2014**

(Unit: Million baht)

Commercial Banks	Assets	Market Share (%)	Deposits	Market Share (%)	Loans	Market Share (%)
1. Krung Thai Bank Plc.	2,727,150	18.6	2,152,553	19.8	1,832,164	18.5
2. Bangkok Bank Plc.	2,647,910	18.0	1,992,588	18.3	1,640,896	16.6
3. Siam Commercial Bank Plc.	2,522,810	17.2	1,890,388	17.4	1,711,327	17.3
4. Kasikorn Bank Plc.	2,136,638	14.5	1,632,227	15.0	1,460,424	14.8
5. Bank of Ayudhya Plc.	1,128,898	7.7	843,748	7.7	869,829	8.8
6. Thanachart Bank Plc.	967,216	6.6	699,735	6.4	694,183	7.0
7. Thai Military Bank Plc.	809,551	5.5	571,720	5.3	501,983	5.1
8. UOB Bank Plc.	397,843	2.7	268,683	2.5	258,221	2.6
9. TISCO Bank Plc.	305,886	2.1	206,391	1.9	251,661	2.5
10. CIMB Thai Bank Plc.	273,446	1.9	184,106	1.7	182,655	1.8
11. Kiatnakin Bank Plc.	227,361	1.5	132,422	1.2	177,178	1.8
12. Standard Charter Bank(Thai) Plc.	225,181	1.5	99,908	0.9	94,879	1.0
13. Land & House Bank Plc.	164,818	1.1	123,662	1.1	113,944	1.2
14. ICBC (Thai) Plc.	157,190	1.1	90,029	0.8	102,553	1.0
<b>Total</b>	<b>14,691,898</b>	<b>100.0</b>	<b>10,888,161</b>	<b>100.0</b>	<b>9,891,898</b>	<b>100.0</b>

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

Car hire-purchase business, the major business of the Bank, generally expanded in line with automobile industry growth. In 2014, domestic car sales were 881,832 units, down by 33.7% (YoY) due to lasting effect after the end of government's excise tax rebate scheme for first-time car buyers as well as high household debt level. The proportion of new passenger car sales to commercial car sales in 2014 was 41.9% to 58.1%. For the year 2014, the new business of TISCO has a penetration rate of 7.3% comparing with total new car sales.

**Table showing car sales in Thailand during 2010-2014**

(Unit: Million baht)

Category	2010	2011	2012	2013	2014
Passenger car	346,644	360,711	669,954	631,223	369,836
Commercial car	453,713	433,370	766,356	699,447	511,996
<b>Total</b>	<b>800,357</b>	<b>794,081</b>	<b>1,436,310</b>	<b>1,330,670</b>	<b>881,832</b>

Source: Automobile Institute

### • Competition

In 2014, commercial banking performance remained sound despite a decelerated loan growth, in line with a slowdown in domestic economy. The slowdown in consumption together with high level of household debt and rising cost of living caused pressure to asset quality of loan portfolio, particularly in retail banking business. Meanwhile, the Bank of Thailand cut the policy rate from 2.25% at the end of 2013 to 2.00% in the first quarter of 2014 to stimulate consumption as well as support the domestic economic recovery. Meanwhile, the competition in deposit market remained intense by deposit campaigns to maintain customer base from time to time. TISCO Bank continued to focus on expanding retail deposit customer base by offering savings products that earn appropriate yield, along with services improvement to facilitate our customers.

For corporate banking business, the Bank has focused on controlling asset quality as well as preparing to cope with economic uncertainty. Thus, the Bank aims to compete on service quality rather than pricing and has expanded its customer base on account of its over 45 years of business experience with efficient operations, management systems, and quality services that can respond to varying customer needs in order to maintain long-term relationship.

For auto hire purchase business, the competitors in auto hire purchase business can be divided into two major groups: 1) commercial bank and leasing company, a subsidiary of commercial bank and 2) subsidiary companies of car manufacturers and car dealers (captive finance companies). For the year 2014, the competition in auto hire purchase market remained intense despite the decline of total car sales from the previous year to 881,832 units due to high level of household debt and the contracted

demand for new car following the effect of advance spending on the government's tax incentive for first-time car buyers in coupled with subdued used car price. Based on the market environment, the consumers have partially delayed their decision to buy 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, Mazda, Volvo, and Chevrolet. Amidst economic volatility, TISCO Group continues to expand customer base through efficient and high standard of service, long experience in hire purchase business, good relationship with car dealers, effective cost and risk management together with extensive customer database. In addition, TISCO Group foresees the opportunity to expand consumer loan business in response to the market demand and to provide financial solution for customer. TISCO Group has focused to expand loan against car registration by deploying branch network of Hi-Way Co., Ltd (TISCO Group's subsidiary) which has currently expanded over 91 branches nationwide.

Based on asset size the Bank was ranked at 9<sup>th</sup> place among Thai commercial banks (as of December 31, 2014). The market share of assets, deposits and loans were 2.1%, 1.9% and 2.5% respectively.

## 2.2.2 Securities Business

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

- **Market**

At the end of 2014, there are 38 companies<sup>1</sup> who have been granted to operate brokerage business service and 76<sup>1</sup> companies who have been granted to operate financial advisory service by the office of Securities and Exchange Commission. In 2014, SET index closed at 1,497.67 points, increased by 198.96 points (15.3% YoY) from 1,298.71 points at the end of 2013. Meanwhile, the average daily turnover was at 41,605 million baht, softened from 48,070 million baht in 2013. For derivative market, total trading volume increased 116% to 36 million contracts from a year earlier. The average daily volume increase to 147,025 contracts per day, significantly improved from 68,107 contracts per day in 2013. In primary market, there were 37 newly listed companies in SET and MAI markets and 9 Real Estate funds, increased from 28 newly listed companies in 2013. The total offering size of newly listed securities was 113,989.96 million baht, down by 40.51% (YoY).

In 2014, the capital market was highly volatile which had affected from both internal and external factors. During the early of 2014, the trading volume was sluggish driven by adverse impact from political uncertainty. After improved political stability, the index was continually surged due partly to the investors gain more confidence on domestic economic and political situation. This was combined with the speculation in small-cap and IPO stocks.

**Table shows capital market conditions**

	2012	2013	2014
SET index (points)	1,391.93	1,298.71	1,497.67
Market capitalization (million baht)	11,831,448	11,496,765	13,856,283
Trading turnover (million baht)	7,615,638	11,777,210	10,193,179
Average daily turnover (million baht)	31,084	48,070	41,605
Dividend yield (%)	2.98	3.24	2.94
Price to earnings ratio (times)	18.25	14.60	17.81
Number of listed companies on the SET	477	489	502
Volume of derivative contract (contracts)	10,457,927	16,664,126	36,021,150

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 to attract customer, while 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 business, selling agent business, etc. Furthermore, 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.

<sup>1</sup> Source: www.sec.or.th

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 2014, TISCO Securities has enhanced service capability by inventing Stock Scan application which is a tool that help customer to sort out prominent stock according to investment style and their risk appetite. TISCO Securities also launch TISCO eTrade on iOS platform to increase service convenience for the customer. Furthermore, the global securities trading service was also launched with the offering of individual foreign stock research. For the institution client business, TISCO Securities and Deutsche Bank Group set up a joint venture business namely Deutsche TISCO Investment Advisory Co., Ltd. The company provides research and investment advisory services, aiming to serve local and foreign institutional clients which receive well-response from institutional investors. In 2014, TISCO Securities Co., Ltd accounted for a market share of 2.9%, ranked 17<sup>th</sup> place among 34 securities companies.

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

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

### • Market

For the asset management industry, there are 26 players including asset management companies, commercial banks, securities companies, and insurance companies. The asset management market as of December 31, 2014 recorded net asset value of total funds totaling 4,992,588 million baht, increased by 21.7% (YoY). Furthermore, the provident funds totaled 837,078 million baht, increased by 11.9% (YoY) while private funds totaled 479,421 million baht, increased by 11.7% (YoY). Mutual funds totaled 3,676,089 million baht, increased by 25.6% (YoY). The details of market funds at year-end of 2012 to 2014 are shown as follows:

(Unit: Million baht)

Funds	2012	2013	2014
Provident Fund	696,144	748,009	837,078
Private Fund	322,111	429,185	479,421
Mutual Fund	2,446,303	2,925,865	3,676,089
<b>Total</b>	<b>3,464,558</b>	<b>4,103,059</b>	<b>4,992,588</b>

Source: Association of Investment Management Companies

### • Competition

Overall asset management industry remained highly competitive in all kinds of business. For provident fund business, even though the competition was intense, TISCO Asset Management Co., Ltd (TISCO Asset Management) has continued to maintain its market share and leading market position with the highest number of corporate accounts. In 2014, the number of leading corporates that newly assigned TISCO Asset Management as their provident fund manager were more than 330 companies, e.g. Bank of China (Thai) Plc., La-z-boy (Thailand) Co., Ltd., Pruksha Village Co., Ltd and etc. Also, there are funds that transferred to TISCO Asset such as Aeronautical Radio of Thailand Ltd., President Bakery Plc, The Office of the Agricultural Futures Trading Commission, Daikin Trading (Thailand) Co., Ltd, Sathron Honda car Co., Ltd, Zen Restaurant Holding Co., Ltd and etc. Furthermore, Master Fund was well-received from both new provident funds and existing single fund that was transferred to Master Fund around 1,300 million baht in 2014. As the result, the master fund continually grew with total size around 62,100 million baht, accounted for 56% of total provident fund under management of 110,450 million baht as at December 31, 2014.

In 2014, the mutual fund industry was consistently grown with asset under management of 3.7 trillion baht. The asset management companies focused on foreign investment fund (FIF) such as specific country or regional fund, and trigger fund in coupled with enhancing quality of investment advisory service. TISCO Asset Management captured the investment opportunity in both domestic and foreign capital market by launching trigger funds including investment in either local or foreign stocks totaled 21 funds. Meanwhile, there were 17 trigger funds achieved the target in 2014. In addition, TISCO Asset Management launched various FIFs such as TISCO German Equity mutual fund, TISCO North Asia Equity mutual fund, and TISCO Europe Equity mutual fund.

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

Table shows the TISCO's asset under management by type of fund business as of December 31, 2014

Funds	Net asset under management (Million baht)	Market Share (%)	Market Rank
Provident Fund	110,451.63	13.2	3/17
Private Fund	29,645.55	6.2	8/22
Mutual Fund	29,619.55	0.8	13/21
<b>Total</b>	<b>169,716.73</b>	<b>3.4</b>	<b>9/26</b>

Source: Association of Investment Management Companies

## 2.3 Resources

### 1) Sources of Fund

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

(Unit: Million baht)

Sources of Fund	2012	2013	2014
Deposit and Short-term Borrowings	233,519.65	270,916.80	213,090.11
Interbank and Money Market Items	9,673.30	12,182.92	10,897.49
Debentures	14,071.20	36,809.00	57,699.90
Long-term Borrowings	110.70	-	-
Other Liabilities	10,306.55	10,433.24	10,162.31
<b>Total Sources of Fund from Liabilities</b>	<b>267,681.40</b>	<b>330,351.96</b>	<b>291,849.81</b>
Capital	18,250.59	23,054.36	25,823.69
<b>Total Sources of Fund</b>	<b>285,931.99</b>	<b>353,406.32</b>	<b>317,673.50</b>

As of December 31, 2014, list of assets and liabilities breakdown by term to maturity is shown in the following table:

(Unit: Million baht)

Transaction	(Unit: Million baht)							Total
	At call	0 – 3 months	3- 12 months	1-5 years	Over 5 years	Unspecified	Non performing loans*	
<b>Financial assets</b>								
Cash	1,180	-	-	-	-	-	-	1,180
Interbank and money market items	2,308	35,749	-	1	-	-	-	38,058
Derivative assets	-	6,233	4,853	1,784	-	1,925	-	14,795
Loans to customers	31,703	28,433	54,315	134,801	5,880	-	8,224	263,356
Securities and derivatives business receivables	-	1,819	-	-	-	-	-	1,819
Receivable from clearing house	-	292	-	-	-	-	-	292
	<b>35,191</b>	<b>72,526</b>	<b>59,168</b>	<b>136,586</b>	<b>5,880</b>	<b>1,925</b>	<b>8,224</b>	<b>319,500</b>
<b>Financial liabilities</b>								
Deposits	55,769	115,425	33,684	506	-	-	-	205,384
Interbank and money market items	990	6,706	3,178	23	-	-	-	10,897
Liabilities payable on demand	400	-	-	-	-	-	-	400
Derivative liabilities	-	5	-	36	-	-	-	41
Debts issued and borrowings	37	37,110	21,616	-	6,643	-	-	65,406
Securities and derivatives business payables	-	1,250	-	-	-	-	-	1,250
Payable to clearing house	-	853	-	-	-	-	-	853
	<b>57,196</b>	<b>161,349</b>	<b>58,478</b>	<b>565</b>	<b>6,643</b>	<b>-</b>	<b>-</b>	<b>284,231</b>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees	-	-	-	-	-	-	-	-
Loans	-	4	3	-	-	-	-	7
Other commitments	-	3,303	28	1,213	-	615	-	5,159

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

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

## 2) Lending

- **Credit granting policy**

### **Commercial loans**

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

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

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

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

### **Retail loans**

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

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

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

- **Credit Approval Limits and Authorities**

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

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

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

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

- **Credit Risk Management**

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

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

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

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

- **Credit Collection**

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

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

- **Debt restructuring**

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

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

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

### **(3) Capital Adequacy**

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

The year-end Capital Adequacy Ratio for 2012 to 2014 has been maintained above the regulatory requirements with details as follows:

(Unit: Percentage)

Capital Adequacy Ratio	December 31, 2012 <sup>/1</sup>	December 31, 2013 <sup>/1</sup>	December 31, 2014 <sup>/1</sup>	Regulatory Requirement
Tier-I Capital to Risk Assets	8.51	9.15	12.55	6.00
Total Capital to Risk Assets	12.79	13.37	16.80	8.50

<sup>/1</sup> Applied IRB approach

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

#### **(4) Liquidity Management Policy**

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

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

- The Bank shall maintain liquid assets on average of no less than 6% of the total deposits and borrowings as follows:
  - The sum of all types of deposits.
  - The sum of borrowings from bill of exchange or promissory note except bill of exchange or promissory note under
  - The sum of foreign borrowings which mature within one year since borrowing date and total foreign borrowings which shall repay or reclaim within one year since borrowing date, except the borrowings which complied with the guideline of the BoT.
  - The sum of borrowings which embedded derivative feature.

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

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

**(5) Asset Classification, Provisions and Write-offs**

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

- (1) Assets classified as Loss are claims where there is no possibility of repayment due to death, disappearance, bankruptcy or dissolved business, or losses from debt restructuring according to the rules and regulations of the Bank of Thailand.
- (2) Assets classified as Doubtful-to-Loss are assets or claims whose entire value is expected to be irrevocable, such as debt claimed on the principal and interest overdue more than 12 months from the payment date.
- (3) Assets classified as Doubtful are assets or claims that are unlikely to be repaid in full, such as debtors with payments overdue more than 6 months from the contractual payment date.
- (4) Assets classified as Sub-Standard are defined as assets or claims with difficulties of repayment or that do not generate a reasonable income, such as debtor-owing interest and/or principal payments for a cumulative period of over three months from the contractual due date.
- (5) Assets classified as Special Mentioned are assets or claims whose value is deteriorating, such as debtor-owing interest and/or principal payments for a cumulative period of over one month from the contractual due date.
- (6) Assets classified as Pass are assets or claims which are not classified as Loss, Doubtful to Loss, Doubtful, Sub-Standard, or Special Mentioned.

The Group has a conservative provisioning policy. As of December 31, 2014, the Group's reserves were 6,380.34 million baht, or 181.40% 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, 2014 is 54.73%, 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:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 research, and operational risk management functions, are set up to oversee that enterprise-wide risk management of the group is undertaken according to the same standard. Specific-area risk authorities are then established to manage in-depth, transaction-level risks in each particular area, such as the Credit Committee, Problem Loan Committee, and Compliance & Operation Control Committee. These mechanisms are in turn supported by the Office of the Credit Committee and other supporting functions, governing compliance, and legal office. Business lines are fully accountable for managing their own risks within the policy guidelines established by the Risk Management Committee and specific-area risk authorities. All the business operations are under the risk limit approved by the Risk Management Committee including new business analysis in each business line. Additionally, risk limits triggered as well as new businesses shall be reported monthly to the Risk Management Committee for acknowledgement. However, to enhance the overall risk management system, the risk management system shall be audited and reported to the Audit Committee which directly reports to the Board of Directors.

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

- **Board of Directors**

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

- Board of Directors of Subsidiaries

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

- Risk Management Committee

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

- Specific-Area Risk Authorities

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

## Risk Types

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

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

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

### 3.1 Credit Risk

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

#### 3.1.1 Default Risk

Default risk occurs from lower credit quality. As of December 31, 2014, NPL ratio of TISCO Group increased from 1.7% at the end of 2013 to 2.6% at the end of 2014 resulting from an increase in non-performing loan of hire purchase portfolio. Moreover, in order to prevent rising credit risk, an increase in expected loss was also absorbed by the provision expense set up during the year, with prudently managed non-performing loans (NPLs) including advanced risk management tools and stringent practice of loan collection, debt restructuring and write-off process. Additionally, NPL ratio of retail loan increased from 2.2% at the end of 2013 to 3.3% at the end of 2014, where NPL ratio of corporate loan fell to 0.49% in the end of 2014, compared to 0.52% at the end of 2013. Total NPLs was 6,750.20 million baht which increased by 36.0% or 1,786.22 million baht. NPLs of the Bank were 5,902.06 million baht and there was NPLs of 848.14 million baht from other subsidiaries.

TISCO Group has applied collective approach for loan loss provisioning to the car hire-purchase portfolio following the Basel III framework. The loan loss reserve was derived from the best estimate of expected credit losses from the portfolio over the next 12 months, based on historical loss data incorporating with adjustment for the recent market situation. In 2014, TISCO Group has utilized portion of general reserve to compensate the potential losses in the future. Meanwhile, as of December 31, 2014, loan loss

reserve of TISCO Group was 6,950.42 million baht. Total loan loss reserve of the Bank was 6,380.34 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 3,517.27 million baht accounted 181.40% of minimum loan loss reserve requirement, reflecting the prudent provisioning policy to mitigate potential risk.

### 3.1.2 Concentration Risk

Concentration risk is the risk from borrower concentration. As of December 31, 2014, hire purchase and commercial loans represented 62.8% and 20.2% of the total credit portfolio, respectively. The hire purchase portfolio, of which concentration was very low, had 165,095.00 million baht outstanding. Top-10 borrower exposure of hire purchase portfolio stood at 135.05 million baht or 0.07% of the total hire purchase portfolio, or equal to 0.05% of the total credit portfolio.

For the commercial loan portfolio, it was diversified into four different sectors: manufacturing and commerce, 18,862.96 million baht; real estate and construction, 12,160.59 million baht; public utilities and services, 21,802.94 million baht; and agricultural and mining, 256.73 million baht. Lending to the above industrial sectors represented 35.5%, 22.9%, 41.1%, and 0.5% of the total commercial loan portfolio, and 7.2%, 4.6%, 8.3%, and 0.1% of the total credit portfolio, respectively. As top-10 borrower exposure stood at 33,063.12 million baht or accounted for 12.6% 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, 2014, lending portfolio of TISCO Group came mostly from TISCO Bank whereby 78.8% 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 BoT regulations. The proportion of collateral value used in deducting the provisioning requirements for NPLs was 73.2% 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, 2014 were worth 120.90 million baht, or 0.04% of total assets. Allowances for impairment stood at 13.0% 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, 2014, the value of liquid assets is 52,136.80 million baht; comprised of cash at 1,180.48 million baht compared to 1,131.00 million baht in December 31, 2013, net transactions with interbank and money market at 38,057.99 million baht compared to 53,241.96 million baht as of December 31, 2013 and net current investment at 12,898.32 million baht compared to 6,401.76 million baht as of December 31, 2013.

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 18,066.45 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, 2014, the Bank reported deposit 205,383.78 million baht, the outstanding long-term debentures (both subordinated and unsubordinated) of 6,643.00 million baht and short-term debentures of 51,056.90 million baht, and bill of exchange amounted to 7,706.31 million baht.

- **Liquidity Risk Management Framework**

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

### 3.3 Market Risk

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

#### 3.3.1 Equity Price Volatility

As of December 31, 2014, the equity portfolio stood at 1,886.53 million baht, of which 601.42 million baht was listed equity, 843.77 million baht was ETF in current market value and 441.34 million baht was non-listed equity in book value.

TISCO Group gained profit from security investment amounted to 240.43 million baht. On the contrary, loss from the difference between fair value of securities as of December 31, 2014 and unrealized gain of securities according to the accounting standard of security foreclosure were 68.88 million baht.

##### (1) Listed Equity Risk and ETF

Listed equity and ETF investment portfolio in available-for-sale book stood at 1,445.19 million baht in which a change in its value would impact the equity through unrealized gains or losses. As of December 31, 2014, unrealized gain from available-for-sale investments equaled 68.88 million baht, comparing to unrealized loss of 47.76 million baht as of December 31, 2013.

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, as of December 31, 2014, was 58.68 million baht, decreased from 246.00 million baht as of December 31, 2013 as a main result from partially liquidation of investment portfolio and increasing in market value with fluctuation from domestic and international events during the year. For effective risk management and control, trigger limits were set up to monitor the overall market risk profile according to internal guidelines, such as concentration trigger limit, stop-loss trigger limit, etc.

##### (2) Non-Listed Equity Risk

Non-listed equity portfolio's book value stood at 441.34 million baht, slightly increased from 441.04 million baht from the end of 2013. 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, 2014, 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	91,792.49	65,185.35	55,374.95	105,336.56	317,689.36
Liabilities	(121,181.22)	(163,512.25)	(450.07)	(6,722.12)	(291,865.66)
<b>Net Gap</b>	<b>(29,388.73)</b>	<b>(98,326.90)</b>	<b>54,924.88</b>	<b>98,614.44</b>	<b>25,823.69</b>

Under the change of interest rate within 1 year, TISCO Group had liabilities over assets within 1 month cause the net gap to stand at 29,388.73 million baht and gap for liabilities over assets within 2-12 month stand at 98,326.90 million baht. Considering the interest rates outlook of stable to decline trend, the repricing gap structure was still under acceptable risk level.

##### (2) Fixed-Income Risk

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

TISCO Group's fixed-income portfolio as of December 31, 2014 stood at 12,870.18 million baht, increasing by 3,295.01 million baht compared to the end of 2013. Average duration of the bond portfolio were 0.37 year, decreasing from 1.66 year from the end of 2013 mainly due to partial liquidation of long term bond during the year. Meanwhile, average duration of the debenture portfolio was 2.94 years, decreasing from 3.92 years from the end of 2013. However, Fixed-income risk was under acceptable risk and also meets the purpose of maintaining liquidity reserves according to the BoT requirements.

- **Market Risk Management Framework**

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

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

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

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

### **3.4 Operational Risk**

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

- **Operational Risk Management Framework**

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

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

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

In regard to the incident management process, TISCO Group has arranged the supporting system to log and track the incidents. The purpose of the system arrangement is aimed to have the systematic and integrated remedial process with monitoring control for timely responses. Other than that, the incident and loss database would be gathered to make analysis for mitigating repeated risks and determining or adjusting Key Risk Indicator and Risk Limit appropriately for each business for monitoring purpose in order to minimize the error rate or enhance the operational efficiency. TISCO Group has planned to develop and determine Key Risk Indicator and Risk Limit comprehensively covering all risky aspects of all business units. The overall results of the incident incurrence within TISCO Group as well as the notable operational incidents would be reported to the relevant committee for acknowledgement and determination remedial actions as deemed appropriate.

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

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

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

### **3.5 Strategic Risk**

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

#### **3.5.1 Risk from Economic Conditions and Business Competition**

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

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



resulting in improved the Bank 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 does 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, 2014, as TISCO Bank's capital requirement based on Basel III Internal Rating Based Approach (IRB), the regulatory capital adequacy ratio (BIS ratio) stood at 16.80% remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II adequacy ratio stood at 12.56% and 4.24%, respectively, in which Tier-I adequacy ratio also remained higher than the minimum requirement at 6%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 54.73%, 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 8,698.38 million baht, accounting for 34.8% of the total capital base of 24,982.72 million baht. In addition, capital surplus for future risks and business expansion stood at 16,284.35 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 2014, net profit of TISCO Bank and other subsidiaries was 3,908.99 million baht, where 810.69 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 18.9% 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, 2013 - 2014 are as follows: These assets are free from any obligations.

(Unit: Million baht)

List	Type of Property Right	Contingent liability	Value	
			2013	2014
<b>Land</b>				
Cost	owner	none	17.51	17.51
<b>Office condominium and building improvements</b>				
Cost	owner	none	782.82	838.10
Revaluation	owner	none	2,152.00	2,125.00
<b>Furniture fixtures computer and equipment</b>				
Cost	owner	none	980.32	1,019.47
<b>Motor vehicles</b>				
Cost	owner	none	143.92	150.64
<b>Total</b>			<b>4,076.57</b>	<b>4,150.72</b>
<u>Less</u> Accumulated Depreciation			(1,619.71)	(1,666.96)
<b>Land, premises, and equipment – Net</b>			<b>2,456.85</b>	<b>2,483.76</b>

#### 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 3 - 13 years. As at 31 December 2013 and 2014, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million baht)

Types	Maturity	As at December 31,	
		2013	2014
Lease office building and branch office	Within 1 year	133	146
	Over 1-5 years	101	183
	Over 5 years	5	60
<b>Total</b>		<b>239</b>	<b>389</b>

##### 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.	3,533.91
TISCO Tower Office	TISCO Information Technology Co., Ltd.	TISCO Financial Group Plc.	2,857.67
TISCO Tower Office	TISCO Bank Plc.	TISCO Financial Group Plc.	1,286.47
TISCO Tower Office	TISCO Learning Center Co., Ltd.	TISCO Financial Group Plc.	590.00
TISCO Tower Office	Deutsche TISCO Investment Advisory Co., Ltd.	TISCO Financial Group Plc.	375.00

## 4.2 Loans

### Classification of assets

Asset classification in TISCO group consists of loans and receivables, investments in securities and property foreclosed. Our asset classification policies are in compliance with those set by the BOT and the SEC. The details of asset classification as of December 31, 2014 are shown below:

(Unit: Million baht)

Classification	Loans and receivables	Investments in securities	Property foreclosed	Investment in receivable	Total	%
Pass	264,939	-	-	-	264,939	90.5
Special mention	21,900	-	-	-	21,900	7.5
Substandard	3,267	-	-	-	3,267	1.1
Doubtful	2,057	-	-	-	2,057	0.7
Bad debts	578	46	17	18	659	0.2
<b>Total</b>	<b>292,741</b>	<b>46</b>	<b>17</b>	<b>18</b>	<b>292,822</b>	<b>100.0</b>

### Provision for Loan Loss Policy

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

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

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

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

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

### Provision of Asset Impairment Policy

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

### Policy of revenue recognition on interest income

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

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

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

### 4.3 Investment in Securities

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

#### Securities Investment Policy

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

#### Risk Management of Investment Portfolio

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

#### Allowance for Impairment of Securities

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

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

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

### 4.4 Policies on investment in subsidiaries and joint venture company

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

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

#### 1) Strategic Investment

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

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

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

#### 2) Financial Investment

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

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

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

**Table illustrates details of investment in subsidiaries and joint venture company**

(Unit : Million baht)

Company Name	Paid up	Cost Method
	As of December 31, 2014	As of December 31, 2014
TISCO Bank Plc.	9,216	17,641
TISCO Securities Co., Ltd.	1,000	1,075
TISCO Asset Management Co., Ltd.	100	110
Hi-Way Co., Ltd.	100	273
TISCO Information Technology Co., Ltd.	20	22
TISCO Leasing Co., Ltd.	100	137
Primus Leasing Co., Ltd. <sup>/1</sup>	3	33 <sup>/2</sup>
TISCO Learning Center Co., Ltd.	5	5
All-ways Co., Ltd.	1	1
TISCO Tokyo Leasing Co., Ltd. <sup>/3</sup>	60	73
Investment in subsidiaries and joint venture company - net		19,370

<sup>/1</sup> Ceased business operation and proceeding liquidation process

<sup>/2</sup> Deducted impairment in investment

<sup>/3</sup> Joint venture Company

## 5. Legal Disputes

As of December 31, 2014, the Company and its subsidiary companies had 30 unresolved cases from its regular business operations, all of them are civil cases caused by banking business operation (TISCO Bank Plc.) and asset management business (TISCO Asset Management Co., Ltd.) involving an estimated total amount 363.2 million baht, which was less than five (5%) of its shareholders' equity, consisting of:

- (1) 27 cases that TISCO Bank being sued (estimated total amount of 358.63 million baht), there were 19 cases involving total amount of 256.9 million baht which were in the tribunal process and not yet reach judgment. 1 case is under execution by TISCO Bank. Furthermore, there were 7 cases, with a total value of 101.73 million baht that already dismissed by the Court of First Instance and/or the Appeal Court, however, the plaintiffs still appealed to the Appeal Court or Supreme (Dika) Court. Apart from the said case, there were 1 case which incurred from management of debt collections for Sukhumvit Asset Management Co., Ltd., amounting 40.24 million baht in which the Bank had an indemnification for any damages suffered (if any); and
- (2) 3 cases that TISCO Asset Management being Co., Ltd. sued (estimated total amount of 4.57 million baht), there were 2 cases involving total amount of 4.25 million baht that already dismissed by the Court of First Instance and the plaintiffs still appealed to the Appeal Court, and 1 case amounting 0.32 million baht that the tribunal process was not reach judgment.

Additional details on legal disputes are presented in Notes to Financial Statements; 3.38.2 Litigation. The management of the TISCO Group believes that neither the Company nor its subsidiary companies will suffer material loss as a result of the abovementioned lawsuits. In addition, there is no claim against the Company by the directors, managements or any related persons of the Company or its subsidiary companies.

**6. General Information**

<b>Company Name</b>	:	TISCO Financial Group Public Company Limited (hereinafter referred as "Company" or "the Company")
<b>Type of Business</b>	:	Holding Company
<b>Address</b>	:	48/49, TISCO Tower, 21 <sup>st</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500
<b>Registration Number</b>	:	0107551000223
<b>Total registered capital</b>	:	8,007,032,950 baht
<b>Paid-up Capital</b>	:	8,006,554,830 Baht comprising of 800,621,625 common shares and 33,858 preferred shares, both with par value of 10 baht per share
<b>Home Page</b>	:	www.tisco.co.th
<b>Telephone</b>	:	(66) 2633 6888
<b>Fax</b>	:	(66) 2633 6880
<b>Reference:</b>		
<b>Share Registrar</b>	:	<b>Thailand Securities Depository Co., Ltd.</b> 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0 2229 2800 Fax 0 2359 1259
<b>Auditor</b>	:	<b>Ms. Ratana Jala</b> <b>Certified Public Accountant (Thailand) Registration No.3734</b> EY Office Limited 33 <sup>rd</sup> Fl., Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0 2264 0777 Fax. 0 2264 0789-90



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

Company/Head office's Address	Type of Business	Type of shares	Issued and paid-up shares	Shareholding by the Company	
				Amount of shares held <sup>1/</sup>	Percentage of ownership (%)
<b>TISCO Bank Public Company Limited<sup>2/</sup></b> 48/2, TISCO Tower, 1 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6000 Fax. 0 2633 6800	Commercial Bank	Common	921,567,588	921,451,833	99.99
		Preferred	104	-	
		Total	921,567,692	921,451,833	
<b>Hi-Way Company Limited</b> 2046/16 New Petchaburi Road, Bangkapi, Huankwang, Bangkok 10310 Tel. 0 2319 1717 Fax. 0 2308 7405	Hire Purchase and Leasing	Common	994,500	994,496	100.0
		Preferred	5,500	5,500	
		Total	1,000,000	999,996	100.0
<b>TISCO Securities Company Limited</b> 48/8, TISCO Tower, 4 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6999 Fax. 0 2633 6660	Securities	Common	100,000,000	99,999,998	100.0
<b>TISCO Asset Management Company Limited</b> 48/16-17, TISCO Tower, 9 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6000 press 4 Fax. 0 2633 7300	Asset Management	Common	1,000,000	999,994	100.0
<b>TISCO Information Technology Company Limited</b> 48/12, TISCO Tower, 6 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 4299 Fax. 0 2633 7600	Service Support	Common	200,000	199,994	100.00
<b>TISCO Tokyo Leasing Company Limited</b> 48/44, TISCO Tower 19 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2638 0900 Fax. 0 2638 0913	Hire Purchase and Leasing	Common	60,000	29,400	49.0
<b>TISCO Leasing Company Limited</b> 48/12, TISCO Tower 6 <sup>th</sup> Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7799 Fax. 0 2633 7980	Hire Purchase and Leasing	Common	1,000,000	999,965	100.0
<b>TISCO Learning Center Company Limited</b> 48/20, TISCO Tower, 12 <sup>th</sup> Fl. Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7154 Fax. 0 2633 7155	Service Support	Common	50,000	49,997	100.0
<b>All-Ways Company Limited</b> 48/26, TISCO Tower, 15 <sup>th</sup> Fl. Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7129 Fax. 0 2633 7150	Service Support	Common	10,000	9,997	100.0
<b>Primus Leasing Company Limited<sup>3/</sup></b> 48/50, TISCO Tower, 22 <sup>th</sup> Fl. Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7766 Fax. 0 2633 7600	Leasing	Common	30,000	29,998	99.99

<sup>1/</sup> As of December 31, 2014<sup>2/</sup> Core company of TISCO Group<sup>3/</sup> Ceased business operation and proceeding liquidation process

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

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

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

<sup>/4</sup> As of December 31, 2014

## Part 2

### 7. Securities and Shareholder Information

#### 7.1 Registered and Paid-up capital

##### (1) Registered and paid-up capital as of December 31, 2014 comprising of :

Registered capital : 8,007,032,950 Baht  
 Paid-up capital : 8,006,554,830 Baht comprised of 800,621,925 common shares and 33,558 preferred shares, at par value of 10.00 Baht per share.

##### (2) Other Securities

###### Preferred Shares

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

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

As of December 27, 2013 Thai NVDR Co., Ltd., a subsidiary wholly owned by the SET, issued Non-Voting Depository Receipts (NVDRs) which have the Company's shares as underlying securities totaling 63,428,662 shares, or 7.92% of paid-up capital, consisting of 63,046,262 common shares and 22,400 preferred shares. Although all financial benefits received by NVDR investors are similar to the benefits from the Company's shares, NVDR investors shall have no voting rights in shareholder meetings except in case of a delisting decision. Therefore, if a great number of the Company shares are sold to investors as NVDRs, the number of shares with voting rights will be lessened.

Moreover, the number of NVDRs is subject to change and is not under control by the Company. Investors can obtain records of the Company's NVDRs from the website of the SET ([www.set.or.th](http://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 November 17, 2014, are as follows.

No.	Shareholder Name	Total Shareholding			
		Common Shares	Preferred Shares	Total	% of Total Shares
1	CDIB & PARTNERS INVESTMENT HOLDING PTE.LTD.	80,070,320	-	80,070,320	10.00
2	CHASE NOMINEES LIMITED 42	63,998,057	-	63,998,057	7.99
3	THAI NVDR CO., LTD.	63,051,162	22,400	63,073,562	7.88
4	KRUNGSRI DIVIDEND STOCK LTF	45,527,000	-	45,527,000	5.69
5	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	39,718,690	-	39,718,690	4.96
6	SATHINEE CO.,LTD.	39,482,767	-	39,482,767	4.93
7	HSBC (SINGAPORE) NOMINEES PTE LTD	29,119,010	-	29,119,010	3.64
8	KRUNGSRI DIVIDEND STOCK FUND	24,038,450	-	24,038,450	3.00
9	SOCIAL SECURITY FUND (2 CASES)	23,134,260	-	23,134,260	2.89
10	STATE STREET BANK EUROPE LIMITED	17,842,438	-	17,842,438	2.23
<b>Total shareholdings of top 10 major shareholders</b>		<b>425,982,154</b>	<b>22,400</b>	<b>426,004,554</b>	<b>53.21</b>
Other Minority Shareholders		374,639,771	11,158	374,650,929	46.79
<b>Total</b>		<b>800,621,925</b>	<b>33,558</b>	<b>800,655,483</b>	<b>100.00</b>

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

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

The top 10 major shareholders of TISCO Bank Public Company Limited, whose names appeared in the share registration book as November 17, 2014, were as follow.

No.	Shareholder Name	Total Shareholding			
		Common Shares	Preferred Shares	Total	% of Total Shares
1	TISCO Financial Group Public Company Limited	921,451,833	-	921,451,833	99.99
2	Mr. Kittichai Kraikorakit	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
<b>Total shareholdings of top 10 major shareholders</b>		<b>921,521,604</b>	<b>-</b>	<b>921,521,604</b>	<b>99.99</b>
Other Minority Shareholders		45,984	104	46,088	0.01
<b>Total</b>		<b>921,567,588</b>	<b>104</b>	<b>921,567,692</b>	<b>100.00</b>

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 shareholder agreement with effect to security offering and issuance or management power of the company.

- None -

### 7.3 Other Securities

#### 7.3.1 Debentures issuance

##### The Company

- None -

##### Subsidiary Company

As of December 31, 2014, the outstanding debentures of TISCO Bank Public Company Limited are as follow:

- TISCO Bank Public Company Limited 1/2010 subordinated debenture with maturity date in 2020 with call option
 

Type of Offering	: Public Offering
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 10 years
Issuing Date	: May 17, 2010
Maturity Date	: May 17, 2020
Security	: None
Coupon Rate	: 5.00% per annum for Year1 <sup>st</sup> - Year10 <sup>th</sup> , started from issuance date
Payment Date	: Every 17 <sup>th</sup> of February, May, August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

- Call Option : With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
- (a) Prior to the 5<sup>th</sup> year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or
  - (b) On the 5<sup>th</sup> anniversary of the issuance of the debenture or on any coupon date after the 5<sup>th</sup> year of issuance; or
  - (c) 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
  - (d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of the Bank of Thailand after the redemption; or
  - (e) Any cases or conditions to be specified by the Bank of Thailand in the future.
- Issue Rating : A- from TRIS Rating Company Limited on April 30, 2014
- Debenture holder : TMB Bank Public Company Limited
- Representative : TMB Bank Public Company Limited
- Debenture Registrar : TMB Bank Public Company Limited

2. TISCO Bank Public Company Limited 2/2010 subordinated debenture with maturity date in 2020 with call option

- Type of Offering : Public Offering
- Face Value : 1,000 baht
- Offering Price : 1,000 baht
- Issue size : 1,000,000 units
- Outstanding : 1,000,000 units
- Tenor : 10 years
- Issuing Date : December 13, 2010
- Maturity Date : December 13, 2020
- Security : None
- Coupon Rate : 4.80% per annum for Year1<sup>st</sup> - Year10<sup>th</sup>, started from issuance date
- Payment Date : Every 13<sup>th</sup> of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
- Call Option : With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
- (a) Prior to the 5<sup>th</sup> year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or
  - (b) On the 5<sup>th</sup> anniversary of the issuance of the debenture or on any coupon date after the 5<sup>th</sup> year of issuance; or
  - (c) 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
  - (d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of the Bank of Thailand after the redemption; or

(e) Any cases or conditions to be specified by the Bank of Thailand in the future.

Issue Rating : A- from TRIS Rating Company Limited on April 30, 2014  
 Debenture holder : TMB Bank Public Company Limited  
 Representative  
 Debenture Registrar : TMB Bank Public Company Limited

3. TISCO Bank Public Company Limited 1/2012 subordinated debenture with maturity date in 2022 with call option

Type of Offering : Public Offering  
 Face Value : 1,000 baht  
 Offering Price : 1,000 baht  
 Issue size : 1,000,000 units  
 Outstanding : 1,000,000 units  
 Tenor : 10 years  
 Issuing Date : March 9, 2012  
 Maturity Date : March 9, 2022  
 Security : None  
 Coupon Rate : 4.85% per annum for Year1<sup>st</sup> - Year10<sup>th</sup>, started from issuance date  
 Payment Date : Every 9<sup>th</sup> 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<sup>1</sup> : With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:

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

Issue Rating : BBB+ from TRIS Rating Company Limited on April 30, 2014  
 Debenture holder : TMB Bank Public Company Limited  
 Representative  
 Debenture Registrar : TMB Bank Public Company Limited

4. TISCO Bank Public Company Limited 2/2012 subordinated debenture with maturity date in 2022 with call option

Type of Offering : Public Offering  
 Face Value : 1,000 baht  
 Offering Price : 1,000 baht  
 Issue size : 1,243,000 units  
 Outstanding : 1,243,000 units  
 Tenor : 10 years  
 Issuing Date : December 19, 2012  
 Maturity Date : December 19, 2022  
 Security : None  
 Coupon Rate : 4.60% per annum started from issuance date  
 Payment Date : Every 19<sup>th</sup> 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.

<sup>1</sup>

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

Call Option	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: (a) On the 5 <sup>th</sup> anniversary from the issuing date or on any coupon dates after the 5 <sup>th</sup> year of issuance. i If the issuer can provide funding equivalent or better than the amount of debenture. ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand. (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issue Rating	: A- from TRIS Rating Company Limited on April 30, 2014
Debenture holder Representative	: TMB Bank Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

5. TISCO Bank Public Company Limited 1/2014 Series 1 subordinated debenture (Tier 2 Capital) with maturity date in 2024

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 <sup>th</sup> 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: (a) On the 5 <sup>th</sup> anniversary from the issuing date or on any coupon dates after the 5 <sup>th</sup> year of issuance. i If the issuer can provide funding equivalent or better than the amount of debenture. ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand. (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	: A from TRIS Rating Company Limited on April 30, 2014
Debenture holder Representative	: -
Debenture Registrar	: TMB Bank Public Company Limited

6. TISCO Bank Public Company Limited 1/2014 Series 2 subordinated debenture (Tier 2 Capital) with maturity date in 2024

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 <sup>th</sup> 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"> <li>(a) On the 5<sup>th</sup> anniversary from the issuing date or on any coupon dates after the 5<sup>th</sup> year of issuance. <ul style="list-style-type: none"> <li>i If the issuer can provide funding equivalent or better than the amount of debenture.</li> <li>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.</li> </ul> </li> <li>(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</li> <li>(c) Any cases or conditions to be specified by the Bank of Thailand in the future.</li> </ul>
Issuer Rating	:	A from TRIS Rating Company Limited on April 30, 2014
Debenture holder Representative	:	-
Debenture Registrar	:	TMB Bank Public Company Limited

As of December 31, 2014 TISCO Bank has outstanding subordinated and unsubordinated debentures issued and offered (excluding short-term debenture) worth 6,643 million baht

#### 7. TISCO Bank Public Company Limited Short-term Debenture No. 1/2014

Type of Offering	:	Private Placement – Institutional Investor
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	up to 60,000,000 units
Outstanding	:	51,056,900 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 April 1, 2014 to March 31, 2015
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	:	-
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 30, 2014
Debenture holder Representative	:	-
Debenture Registrar	:	TISCO Bank Public Company Limited



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

1. TISCO Tokyo Leasing Company Limited 1/2013 Tranche 1 Secured debenture with maturity date in 2015
 

Type of Offering	:	Private Placement
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	350,000 units
Outstanding	:	350,000 units
Tenor	:	2 year
Issuing Date	:	September 17, 2013
Maturity Date	:	September 17, 2015
Guarantor	:	Century Tokyo Leasing Corporation
Coupon Rate	:	3.88% per annum started from issuance date
Payment Date	:	On the 17 <sup>th</sup> of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	None
Issue Rating	:	AA+ from TRIS Rating Company Limited on August 27, 2014
Debenture holder Representative	:	Bank of Ayudhya Public Company Limited
Debenture Registrar	:	Bank of Ayudhya Public Company Limited
  
2. TISCO Tokyo Leasing Company Limited 1/2013 Tranche 2 Secured debenture with maturity date in 2017
 

Type of Offering	:	Private Placement
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	650,000 units
Outstanding	:	650,000 units
Tenor	:	4 year
Issuing Date	:	September 17, 2013
Maturity Date	:	September 17, 2017
Guarantor	:	Century Tokyo Leasing Corporation
Coupon Rate	:	4.37% per annum started from issuance date
Payment Date	:	On the 17 <sup>th</sup> of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	None
Issue Rating	:	AA+ from TRIS Rating Company Limited on August 27, 2014
Debenture holder Representative	:	Bank of Ayudhya Public Company Limited
Debenture Registrar	:	Bank of Ayudhya Public Company Limited

As of December 31, 2014 TISCO Tokyo Leasing Company Limited has outstanding subordinated and unsubordinated debentures issued and offered worth 1,000 million baht.

### 7.3.2 Bills of Exchange

#### The Company

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

- |                    |   |   |
|--------------------|---|---|
| Type of Offering   | : | Public Offering   |
| Type of securities | : | Short-Term Bills of Exchange  |
|                    |   | Type 1 : Non transferrable bill of exchange without interest payment, offering price at face value deducted market interest rate      |
|                    |   | Type 2 : Non transferrable bill of exchange with fixed interest rate, offering price at face value and interest is paid upon maturity |
|                    |   | Type 3 : Transferrable bill of exchange (without recourse) without interest payment,  |

	offering price at face value deducted market interest rate
	Type 4 : Transferrable bill of exchange (without recourse) with fixed interest rate, offering price at face value and interest is paid upon maturity
Tenor	: Up to 270 days from the issue date
Issue size	: Up to 10,000,000,000 baht
Face Value	: Not less than 1,000,000 baht
Issuing Period	: From April 1, 2014 to March 31, 2015
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 30, 2014.

As of December 31, 2014, TISCO had outstanding short-term bills totaling 7,669.40 million baht with coupon rate ranging from 2.55% – 3.20% and average of 88 days to maturity.

#### Subsidiary Companies

As of December 31, 2014, TISCO Bank had outstanding bill of exchange, all in forms of bill of exchange, totaling 36.92 million baht with 2.50% coupon rate, all in forms of callable bill of exchange.

As of December 31, 2014, Hi-Way Co., Ltd. had outstanding short-term bill of exchange, all in forms of callable bill of exchange, totaling 1,548.00 million baht with interest rate of 3.08%.

As of December 31, 2014, TISCO Leasing Co., Ltd. had outstanding short-term bill of exchange, all in forms of callable bill of exchange, totaling 1,606.30 million baht with interest rate of 3.08%.

## **7.4 Dividend Policy**

### The Company

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

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

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

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

### Subsidiary Companies

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

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

## **8. Management**

### **8.1 Management Structure**

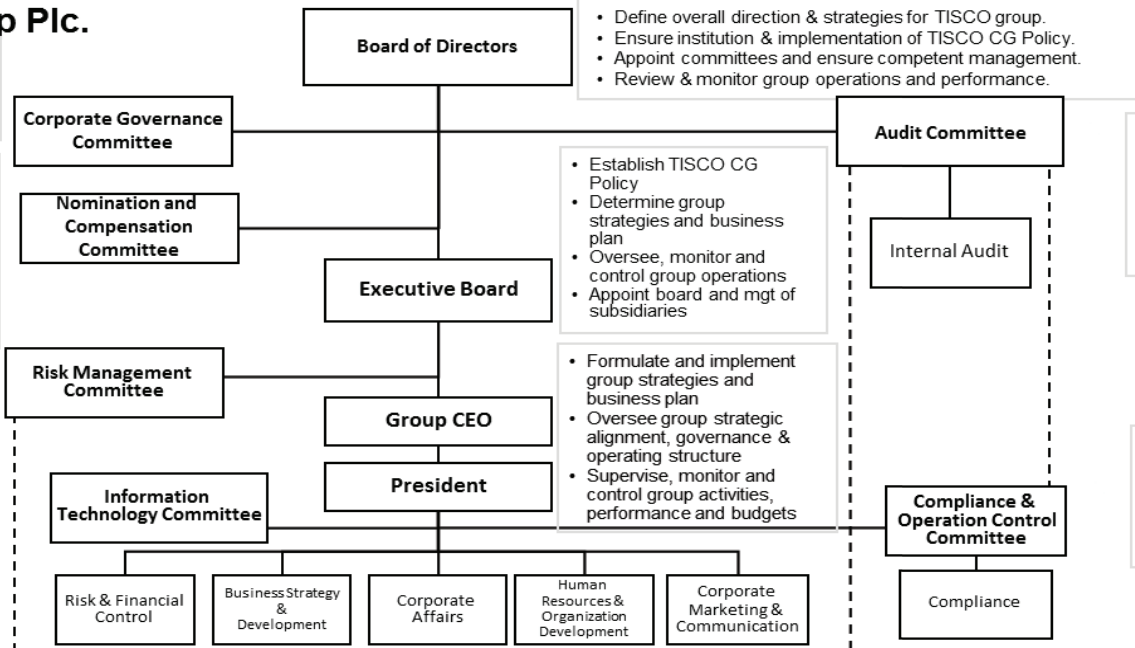
The Company, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development,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

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



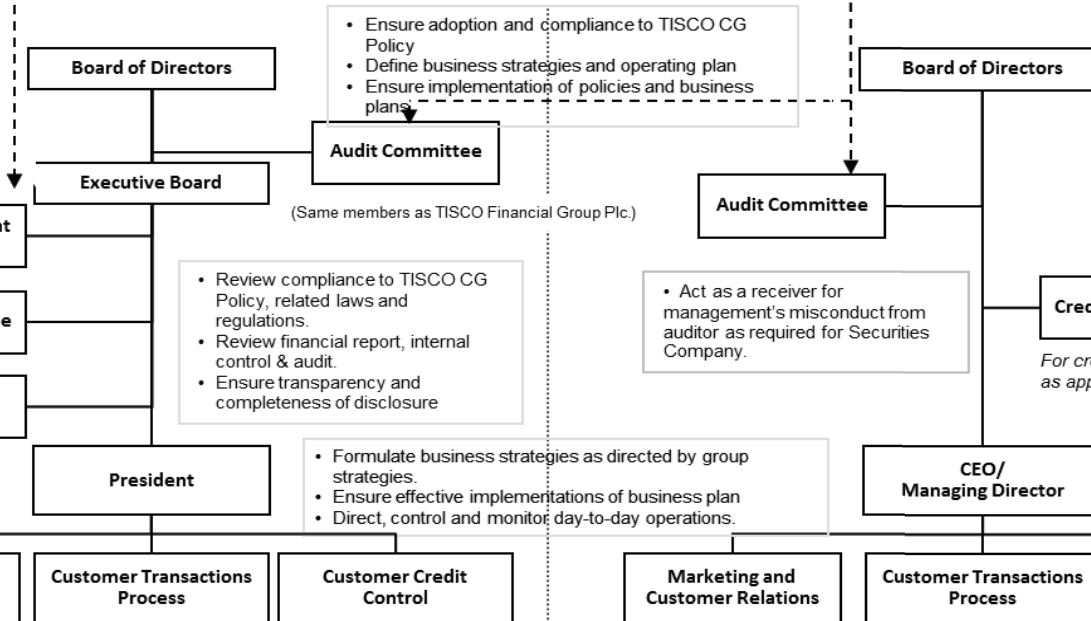
### TISCO Financial Group Plc.

- Set and review CG Policies
- Oversee the practice of Directors and the Management in compliance with the CG Principles and Policies and related regulations.
- Formulate policy & criteria for nomination of directors and top management
- Nominate candidates for directors, members of committees appointed by Board, and Top management (holding & bank)
- Establish remuneration policy for directors and employees
- Ensure good governance in nomination and compensation practice.
- Determine group risk management policies and strategies
- Supervise, monitor & control group risk management activities
- Ensure effective RM systems across group
- Formulate and implement group IT strategies
- Supervise, monitor & control group IT activities

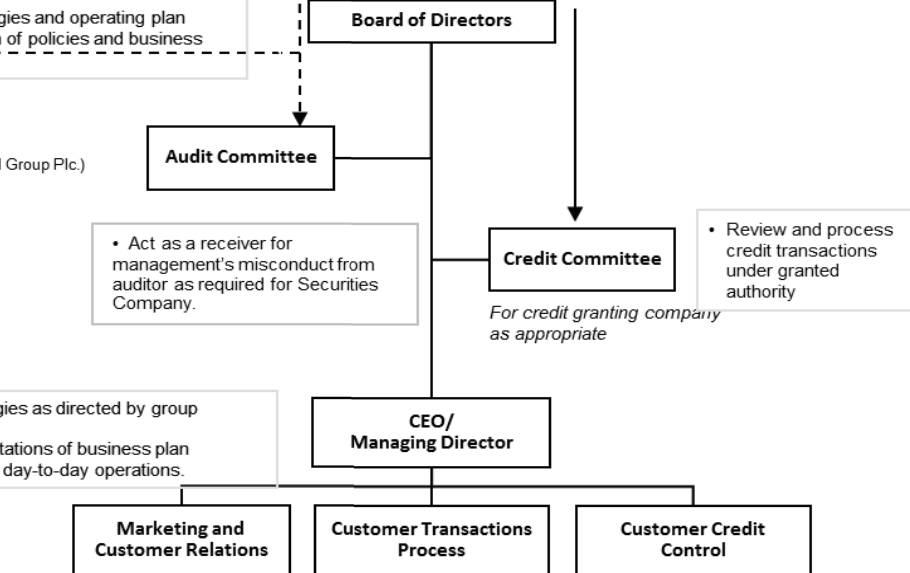


### TISCO Bank

- Ensure adoption of group risk policies and strategies
- Supervise, monitor, and control implementations of group risk policies and strategies
- Ensure adoption of group credit & problem loan policies and strategies
- Supervise, monitor, and control implementations of group credit & problem loan policies and strategies
- Oversee and monitor business operations in accordance with TISCO CG Policy

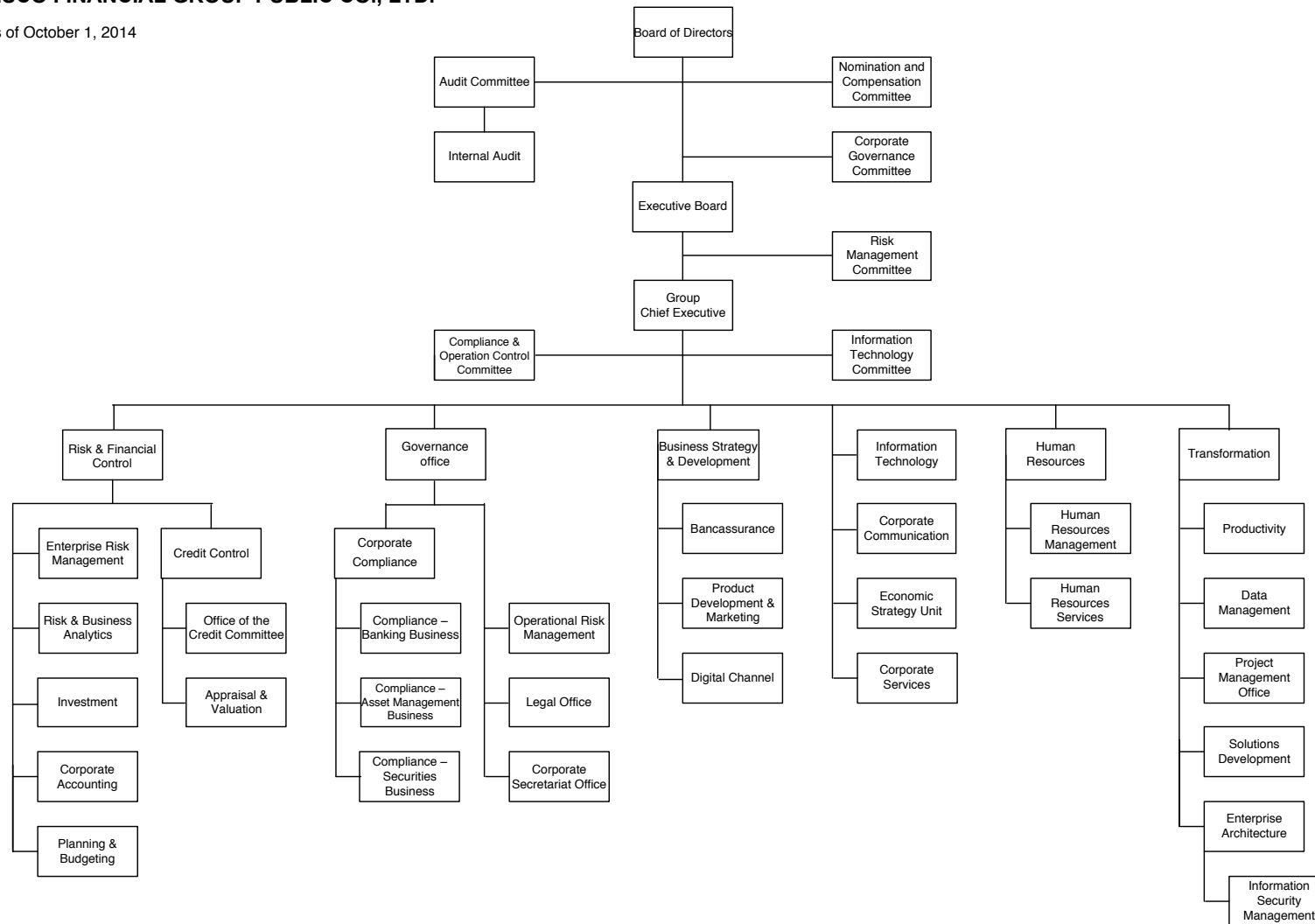


### Other subsidiaries



**TISCO FINANCIAL GROUP PUBLIC CO., LTD.**

As of October 1, 2014



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

### 8.1.1 Board of Directors

As of December 31, 2014 the Board of Directors consisted of 12 directors as follows;

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

### Authorized Signatory

The Company's authorized signatory is Ms. Oranuch Apisaksirikul. It is required that Ms. Oranuch Apisaksirikul singly sign with the seal of the Company affixed or two directors namely Mr. Chi-Hao Sun (Mr. Howard Sun) and Mr. Yasuro Yoshikoshi jointly sign with the seal of the Company affixed.

#### Chairman of Board and Other Committees

1. Responsible for the performance of the Board/Committee.
2. Chair the Board/Committee meetings in a manner which results in a consensus and commitment to the Board/Committee decisions.
3. Represent the view of the Board/Committee to management.
4. Advise and counsel Board/Committee members.

#### Vice Chairman of Board and Other Committees

1. Preside over the meetings in the absence of the Chairman or when the Chairman is unable to perform his/her duty, i.e. due to conflict of interest.
2. Monitor and ensure that the management has taken appropriate action and/or proper following up on the recommendations and resolutions made by the Board/Committee

*Authority and Responsibilities of the Board of Directors:*

1. Define overall direction and strategies of TISCO group and ensure institution of TISCO Corporate Governance Policy for application across all companies in TISCO group. 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, corporate affairs, and public and client communications. The Board shall ensure that all companies in TISCO group adopt and implements the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders.
2. Approve TISCO group business plan and budget as reviewed by the Executive Board.
3. Define and establish the Strategic Audit – a self-audit measure on the company existing strategy – to oversee and review the strategy of TISCO group.
4. Ensure the institution of internal business codes and ethics, codes of conduct for directors, management and employees.
5. Continuously review TISCO group's operations to ensure that its executive directors, management, and employees conduct the businesses in compliance with TISCO Corporate Governance Policy as well as related laws and regulations.
6. Ensure competent management of TISCO group.
7. Ensure the institution of effective systems for internal control and audit.
8. Ensure that TISCO group's management refers significant issues to the Board.
9. Ensure that TISCO group has in place risk management policies, processes and controls of all risk types.
10. Appoint other committees and delegate authorities according to the needs and suitability to carry out specific tasks to ensure that the operations are in compliance with established Corporate Governance Policy.
11. Ensure that TISCO group has in place the succession plan for Top Management.
12. Appoint the Corporate Secretary to take care of director's activities and administer critical corporate matters.
13. Ensure that the Bank and each credit granting subsidiary has policies, guidelines and controls procedures for granting credit and investment transactions with related parties.
14. Ensure that there is a process for prompt submission of management letters from the external auditor and management to the Board.
15. Ensure that there exists appropriate check and balance in the management and/or major shareholders of the company, in particular, the proportion or the number of independent directors on the Board.
16. Ensure that the Board receives sufficient information to effectively discharge its authorities, duties, and responsibilities.
17. Report business activities and financial performance to the shareholders.

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, is shown in 8.1.6 and Attachment 3.

### 8.1.2 Executive Board

The Executive Board members were appointed by the Board of Directors. As of December 31, 2014, the Executive Board comprised the following directors:

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

#### Authority and responsibilities of Executive Board:

1. Establish and implement TISCO Corporate Governance Policy across all companies in TISCO group. 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, corporate affairs, and public and client communications.
2. Determine group business strategies, mergers & acquisition activities, new business ventures, and new products for TISCO group.
3. Review TISCO group business plan and budget as proposed by the Group CEO for Board of Directors' approval.
4. Oversee, monitor and control business operations of TISCO group.
5. Monitor the operations in accordance with TISCO Corporate Governance Policy as well as related laws and regulations.
6. Conduct the businesses as assigned by the Board of Directors in agreement of Executive Board.
7. Appoint board and management of all subsidiary companies.
8. Ensure that managements of the company and subsidiary companies refer significant issues to Executive Board, and Executive Board receives sufficient information from the management to effectively discharge its authorities, duties, and responsibilities.
9. Supervise subsidiary companies of transactions that involve high risks.
10. Institute TISCO group's policies and procedures on all important operational and control areas, including risk management policies, credit policies, policy on loan and investment to related entities, internal control policies, and outsourcing policies.
11. Handle urgent matters, which call for an immediate action by Executive Board, though in ordinary circumstances such matters would require the Board of Directors' review. Such urgent matter should be reported to the Board of Directors for acknowledgement in the next Board meeting.
12. Report business activities and financial performance to the Board of Directors on a regular basis.



### 8.1.3 Audit Committee

The Audit Committee members were appointed by the Board of Directors. As of December 31, 2014, the Audit Committee comprised the following independent directors:

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

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

#### Authority and responsibilities of Audit Committee:

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

### 8.1.4 Nomination and Compensation Committee

The Nomination and Compensation Committee members were appointed by the Board of Directors. As of December 31, 2014, the Nomination and Compensation Committee comprised the following directors:

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

*Authority and Responsibilities of Nomination and Compensation Committee:*

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

### 8.1.5 Corporate Governance Committee

The Corporate Governance Committee members were appointed by the Board of. As of December 31, 2014, the Corporate Governance Committee comprised the following directors:

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

#### Authority and Responsibilities of Corporate Governance Committee:

1. Formulate and review the structure, scope, and policy of TISCO Corporate Governance and Code of Conduct of the Board of Directors' consideration and approval.
2. Give advice to the Board of Directors on the structure, roles and responsibilities, practice and charter of the Board of Directors and Board committees.
3. Review the evaluation or assessment process of the Board of Directors, Board committees, and the Management in compliance with Corporate Governance Policy, Code of Conduct and related laws and regulations.
4. Review result of corporate governance assessment by outside agencies and make recommendation to the Board of Directors.
5. Review corporate governance practice of TISCO by benchmarking to that of best practices for further improvement.
6. Work as a consulting body for the Board of Directors and the Management on matters regarding corporate governance and code of conduct.
7. Perform other duties as assigned by the Board of Directors.

### Board of Directors' Meeting

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

During meetings, the Chairman of the Board promotes transparent consideration of each issue and allocates adequate time for the management to present issues, with adequate time set aside for directors to thoroughly discuss important matters. The Board encourages the management to attend the Board of Directors' Meeting to present additional information relevant to their responsibilities. The Company also encourages non-executive directors to hold meetings as necessary to discuss issues without executive attendance. In 2014, there were one meeting among non-executive directors, with formal minutes taking. After the meeting, the Corporate Secretary is responsible for preparing minutes of the meeting in which all issues, contents, and opinions are properly recorded and kept for inspection.

Details of meeting attendance of TISCO Financial Group Public Company Limited's directors in 2014 are as follows:

Name-Surname	Time of Attendance				
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
<i>No. of total meetings (times)</i>	8	12	13	5	7
1. Mr. Pliu Mangkornkanok	8	-	-	-	-
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	6	-	-	4 <sup>4</sup>	-
3. Ms. Oranuch Apisaksirikul	8	12	-	-	-
4. Assoc. Prof. Dr. Angkarat Priebjriwat	8	-	13	-	-
5. Prof. Dr. Pranee Tinakorn	8	-	-	5	-
6. Ms. Patareeya Benjapolchai	8	-	13	-	7
7. Ms. Panada Kanokwat	8	-	5 <sup>3</sup> (out of 5 times)	-	6 <sup>5</sup> (out of 6 times)
8. Prof. Dr. Teerana Bhongmakapat	8	-	8 <sup>3</sup> (out of 8 times)	-	1 <sup>5</sup> (out of 1 times)
9. Mr. Sathit Aungmanee	6 <sup>1</sup> (out of 6 times)	-	-	-	7 <sup>6</sup> (out of 7 times)
10. Mr. Yasuro Yoshikoshi	7	12	-	4	-
10. Mr. Chi-Hao Sun (Mr. Howard Sun)	8	10 <sup>2</sup>	-	-	-
12. Mr. Suthas Ruangmanamongkol	8	12	-	-	-
13. Mr. Pichai Chanvirachart	2 <sup>1</sup> (out of 2 times)	-	-	-	1 <sup>6</sup> (out of 1 times)

<sup>1</sup> For 2014 shareholders general meeting, Mr. Pichai Chanvirachart has expressed his wish not to continue his term. The shareholders' meeting has elected Mr. Sathit Aungmanee as the Company's Directors, effective from April 22, 2014.

<sup>2</sup> Mr. Chi-Hao Sun (Mr. Howard Sun) did not attend two Executive Board's Meeting in person, but participated via teleconference.

<sup>3</sup> Prof. Dr. Teerana Bhongmakapat has been appointed to be the member of Audit Committee replacing Ms. Panada Kanokwat, effective from April 22, 2014.

<sup>4</sup> Mr. Hon Kit Shing (Mr. Alexander H. Shing) did not attend one Nomination and Compensation Committee in person, but participated via teleconference.

<sup>5</sup> Ms. Panada Kanokwat has been appointed to be the member of the Corporate Governance Committee replacing Prof. Dr. Teerana Bhongmakapat, effective from April 22, 2014.

<sup>6</sup> Mr. Sathit Aungmanee has been appointed to be the Member of the Corporate Governance Committee replacing Mr. Pichai Chanvirachart, effective from April 22, 2014 and participated the meeting as the Advisor to Corporate Governance Committee 1 times.

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

#### 8.1.6.1 TISCO Bank's Board of Directors

As of December 31, 2014, TISCO Bank's Board of Directors consisted of 9 directors as follows;

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

#### Authorized Signatory

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

#### Chairman of the Board and Other Committees

1. Responsible for the performance of the Board/Committee.
2. Chair the Board/Committee meetings in a manner which results in a consensus and commitment to the Board/Committee decisions.
3. Represent the view of the Board/Committee to management.
4. Advise and counsel Board/Committee members.

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

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

1. Approve business & operating plan of the Bank, as directed by TISCO group's corporate strategies and business plan.
2. Ensure the institution of internal business codes and ethics, codes of conduct for directors, management and employees.
3. Continuously review the Bank's operations to ensure that its directors, management, and employees conduct the Bank's businesses in compliance with TISCO Corporate Governance Policy as well as related laws and regulations.
4. Ensure competent management of the Bank including appointing senior management.

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

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

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

### 8.1.6.2 TISCO Bank's Executive Board

The Bank's Executive Board members were appointed by the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. As of December 31, 2014, the Executive Board comprised the following directors:

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

#### *Authority and responsibilities of Executive Board:*

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. Oversee the Bank's operation in accordance with TISCO Corporate Governance Policy as well as related laws and regulations.
2. Approve transactions involving high risk, or exceeding authority of the Bank's management.
3. Handle urgent matters, which call for an immediate action by Executive Board, though in ordinary circumstances such matters would require the Board of Directors' review. Such urgent matter should be reported to the Board of Directors for acknowledgement in the next Board meeting.
4. Report business activities and financial performance to the Board of Directors on a regular basis.

### 8.1.6.3 Audit Committee

The Bank's Audit Committee members were appointed the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. As of December 31, 2014, the Audit Committee comprised the following independent directors:

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

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

#### *Authority and responsibilities of Audit Committee:*

Under consolidated supervision framework, the Audit Committee shall review to ensure that the Bank's operations are in compliance with TISCO Corporate Governance Policy approved by the Board of Directors of the parent company, as well as related laws and regulations. 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 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 2014 are as follows:**

Name-Surname	Time of Attendance		
	Board of Directors	Executive Board	Audit Committee
<i>No. of total meetings (times)</i>	7	12	13
1. Mr. Pliu Mangkornkanok	7	-	-
2. Ms. Oranuch Apisaksirikul	7	12	-
3. Assoc. Prof. Dr. Angkarat Priebjrivat	7	-	13
4. Ms. Patareeya Benjapolchai	7	-	13
5. Prof. Dr. Teerana Bhongmakapat	6 <sup>1</sup> (out of 6 times)	-	8 <sup>4</sup> (out of 8 times)
6. Mr. Sathit Aungmanee	6 <sup>1</sup> (out of 6 times)	-	-
7. Mr. Chi-Hao Sun(Mr. Howard Sun)	6 <sup>1</sup> (out of 6 times)	10 <sup>3</sup>	-
8. Mr. Yasuro Yoshikoshi	6	12	-
9. Mr. Suthas Ruangmanamongkol	7	12	-
10. Ms. Panada Kanokwat	1 <sup>1</sup> (out of 1 times)	-	5 <sup>4</sup> (out of 5 times)
11. Mr. Pichai Chanvirachart	1 <sup>1</sup> (out of 1 times)	-	-
12.Mr. Hon Kit Shing (Mr. Alexander H. Shing)	1 <sup>1/2</sup> (out of 1 times)	-	-

<sup>1</sup> Mr. Pichai Chanvirachart Ms. Panada Kanokwat and Mr. Hon Kit Shing (Mr. Alexander H. Shing) retired from Board of Directors. The shareholders' meeting has elected Prof. Dr. Teerana Bhongmakapat as Independent Director and Mr. Sathit Aungmanee Mr. Chi-Hao Sun (Mr. Howard Sun) as the Company's Directors, effective from April 22, 2014.

<sup>2</sup> Mr. Hon Kit Shing (Mr. Alexander H. Shing) did not attend one Board of Directors' Meeting

<sup>3</sup> Mr. Chi-Hao Sun (Mr. Howard Sun) did not attend two Executive Board's Meeting in person, but participated via teleconference.

<sup>4</sup> Prof. Dr. Teerana Bhongmakapat has been appointed to be the member of Audit Committee replacing Ms. Panada Kanokwat, effective from April 22, 2014.

## 8.2 Management

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

Management Committee of the TISCO Group as of December 31, 2014 comprise of the following members:

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

<sup>/1</sup> Management as defined by the Securities and Exchange Commission

### Authority and Responsibilities of Management Committee:

1. Cross-over business, operating, control issues among different high-impact business/operating areas.
2. Ensure coherent business strategies and maximize synergies among different business groups.

### Authority and Responsibilities of the Group Chief Executive:

1. Oversee, supervise and monitor performance of TISCO group's senior management to ensure effectiveness and alignment.
2. Formulate corporate strategies and business plan of TISCO group for the Board's consideration and approval.
3. Oversee strategic alignment of TISCO group business and ensure effective implementations of corporate strategies and business plan across the group.
4. Oversee TISCO group's governance & management structure, operations, risk management & control systems.

5. Monitor TISCO group's business activities and operating performance and report to the Board.
6. Oversee financial budgets and resource management of TISCO group.
7. Ensure that TISCO group's business conducts are in accordance with the Board's approved policies & guidelines, as well as related laws and regulations.

In addition to the Management Committee of TISCO Group as of December 31, 2014, the Company's management comprised the following 33 persons; <sup>1</sup>

Name-Surname	Position
1. Ms. Oranuch Apisaksirikul <sup>1/2</sup>	Group Chief Executive, TISCO Group
2. Mr. Chatri Chandrangam <sup>1/2</sup>	Executive Vice President – Risk and Financial Control Acting Head of Investment
3. Mr. Pairat Srivilairit	Head of Governance Office
4. Mr. Watsakorn Thepthim	Head of Human Resources
5. Ms. Dulyarat Taveebhol	Head of Corporate Compliance
6. Mr. Sathian Leowarin	Head of Business Strategy & Development
7. Mrs. Penjit Taepaisitphongse	Head of Transformation Acting Head of Enterprise Architecture
8. Ms. Suthinee Muangman	Advisor
9. Mr. Kontee Sunthornpradit	Head of Planning & Budgeting
10. Dr. Kampon Adireksombat	Head of Economic Strategy
11. Mr. Kittipong Tiyaboonthai	Head of Human Resources Management
12. Mrs. Kusumar Prathomsrimek	Head of Bancassurance
13. Mrs. Chintana Voramongkol	Head of Project Management Office
14. Ms. Jiraporn Sawsukpaiboon	Head of Internal Audit
15. Ms. Chutintorn Vigasi <sup>2</sup>	Head of Corporate Accounting
16. Ms. Chuenchit Trakarnratti	Head of Operational Risk Management
17. Ms. Nudtinee Suwanpanitch	Head of Legal Office
18. Mr. Noppawat Tangburanakij	Head of Digital Channel
19. Ms. Nartrudee Siwabut	Head of Corporate Communication
20. Mr. Nipon Wongchotiwat	Head of Enterprise Risk Management
21. Mr. Prayuk Charoencharaskul	Head of Productivity
22. Mr. Pichit Treethephasumphan	Head of Appraisal & Valuation
23. Mr. Pisit Piyapasuntra	Acting Head of Data Management
24. Mr. Puvarin Kullaphatkanon	Head of Risk Research
25. Mr. Montri Siripanasan	Head of Solution Development
26. Ms. Maneerat Wattanajak	Head of Compliance – Asset Management Business
27. Mr. Synn Navamananda	Head of Product Development & Marketing
28. Ms. Sakornrat Manuwong	Head of Compliance – Banking Business
29. Mr. Somchat Lapapong	Head of Corporate Services
30. Ms. Suthirom Areesakulsuk	Head of Human Resources Services
31. Ms. Supaporn Aramtiantamrong	Head of Compliance – Securities Business
32. Ms. Surang Techarungnirun	Head of Office of the Credit Committee
33. Mrs. Arayapha Panichprecha	Head of Information Security Management

<sup>1</sup> Ms. Oranuch Apisaksirikul and Mr. Chatri Chandrangam is the member of the Management Committee of TISCO Group

<sup>2</sup> Management as defined by the Securities and Exchange Commission

### 8.2.1 Management of TISCO Bank

As of December 31, 2014, the Management of TISCO Bank comprised of the following members:

Name-Surname	Position
Mr. Suthas Ruangmanamongkol <sup>1, 2</sup>	President
Mr. Sakchai Peechapat <sup>1, 2</sup>	Senior Executive Vice President - Retail Banking Business
Mr. Pitada Vatcharasiritham <sup>1, 2</sup>	Senior Executive Vice President - Corporate Banking Business
Mr. Metha Pingsuthiwong <sup>1, 2</sup>	First Executive Vice President - Retail Banking Business
Mr. Chalit Silpsrikul <sup>1, 2</sup>	First Executive Vice President - Wealth Management Business
Mr. Dejphinun Suthadsanasoung	Assistant Executive Vice President – Head of Retail Banking - Operations
Ms. Nipa Mekara	Assistant Executive Vice President - Head of Corporate Lending
Mr. Picha Ratanatam	Assistant Executive Vice President - Head of Wealth Management
Mr. Yuttpong Sriwongjanya	Assistant Executive Vice President - Head of Retail Banking - Provincial Channel
Mr. Rungroj Jarasvijitkul	Assistant Executive Vice President - Head of Retail Banking - Bangkok Channel
Ms. Karantar Vongsa	Head of Treasury
Mr. Kittichai Tonnajarn	Head of Counter Services
Mr. Nattanan Ananpreeyavit	Head of Corporate Contact Center
Mr. Thanom Chairondeekul	Deputy Head of Wealth Management
Mr. Songsak Niltiean	Head of Retail Follow-up & Legal
Mr. Teerayuth Praserttrattanadacho	Head of Retail Business Development
Ms. Prapatsorn Arthachinta	Head of Corporate Credit Structuring
Mr. Prakrit Shoonhasriwong	Head of Mortgage Loan
Ms. Preeyarat Poomdontri	Head of Processing & Settlement
Mr. Pornpi boon Sukaviriya	Head of Hire Purchase Captive
Ms. Penthip Laobooncharoen	Head of Retail Loan Processing
Ms. Mallee Peravanichkul	Head of Private Banking
Mr. Manop Petdamrongsakul	Head of Corporate Finance 1
Mrs. Malatip Swintara	Co-Head of Business & Risk Assessment
Ms. Rapeeporn Ounchalanon	Head of Loan Supervision & Servicing
Ms. Ladda Kulchatchai	Head of Custodian Service
Mr. Worapoth Tirakaroon	Head of Retail Collection
ML. Waraporn Worawarn	Head of Wealth Product
Ms. Wantana Kitchpanich	Head of Operations Support - Provincial Channel
Mr. Wittaya Mettaviharee	Assistant Head of Retail Banking - Provincial Channel Acting Head of Provincial Business Development
Ms. Wipa Mettaviharee	Head of All Finance & Direct
Ms. Saranya Weeramahawong	Head of Personal Banking
Mr. Somsak Wongwachirawanich	Head of Hire Purchase - Used Car
Mr. Sommai Ung	Head of Corporate Finance 2
Ms. Saranya Ket-Udom	Head of Logistic & Control
Mr. Sukit Sakulwongyai	Head of Retail Service & Support
Mr. Suthep Trivannakij	Head of Hire Purchase - New Car
Ms. Sune Tongsombutpanich	Head of Business & Risk Assessment
Ms. Suwande Khaolaorr	Head of Cash Management
Mrs. Savika Jongpakpaisal	Head of Loan Documentation
Mr. Nobutaka Ide	Head of Japanese Relationship

<sup>/1</sup> Management as defined by the Securities and Exchange Commission

<sup>/2</sup> Management of TISCO Financial Group Public Company Limited, the Parent Company of TISCO Group, seconded to manage the Bank

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

#### Authority and Responsibilities of President:

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

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

### **8.3 Corporate Secretary**

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

### **8.4 Director and Management Remuneration**

#### **8.4.1 Director and Management Remuneration Policy**

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

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

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

Apart from the remuneration payable to directors of TISCO Financial Group Public Company Limited, TISCO Group only pays remuneration to subsidiary companies' directors who are non-executive director(s), that do not hold any directorship in TISCO Financial Group Public Company Limited and/or management position in TISCO Group of companies, in the same form and amount of TISCO Financial Group Public Company Limited's director.

#### 8.4.2 Financial Remuneration

The Company's shareholders approved at the Shareholders Ordinary General Meeting for the year 2014, the annual directors' remuneration in the form of reward, monthly fee, meeting fee and bonus at the amount of not greater than 2,400,000 baht for the Chairman of the Board, and not greater than 500,000 baht for each Board member, to be valid until amended. The Board of Directors, under the authority delegated by the shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors. Following the Board of Directors' Meeting No. 3/2014 on April 22, 2014 approved new directors' remuneration to be allocated as follows:

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

The details of Board of Directors' remuneration during January 1 to December 31, 2014 are as follows;

Name of the Directors	Remuneration (Baht)					Total
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee	
	Monthly Fee	Meeting Fee	Meeting Fee	Meeting Fee	Meeting Fee	
1. Mr. Pliu Mangkornkanok	2,400,000	-	-	-	-	2,400,000
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	480,000	-	-	160,000	-	640,000
3. Ms. Oranuch Apisaksirikul	480,000	480,000	-	-	-	960,000
4. Assoc. Prof. Dr. Angkarat Priebjrivat	480,000	-	650,000	-	-	1,130,000
5. Prof. Dr. Pranee Tinakorn	480,000	-	-	250,000	-	730,000
6. Ms. Patareeya Benjapolchai	480,000	-	520,000	-	350,000	1,350,000
7. Ms. Panada Kanokwat <sup>1/2</sup>	480,000	-	200,000	-	240,000	920,000
8. Prof. Dr. Teerana Bhongmakapat <sup>1/2</sup>	480,000	-	320,000	-	40,000	840,000
9. Mr. Sathit Aungmanee <sup>3/4</sup>	360,000	-	-	-	440,000	800,000
10. Mr. Yasuro Yoshikoshi	480,000	420,000	-	160,000	-	1,060,000
11. Mr. Chi-Hao Sun (Mr. Howard Sun)	480,000	350,000	-	-	-	830,000
12. Mr. Suthas Ruangmanamongkol	480,000	420,000	-	-	-	900,000
13. Mr. Pichai Chanvirachart <sup>3</sup>	160,000	-	-	-	40,000	200,000
14. Ms. Krisna Theravuth <sup>5</sup>	480,000	-	-	-	-	480,000
Total	8,200,000	1,670,000	1,690,000	570,000	1,110,000	13,240,000

<sup>1/1</sup> Ms. Panada Kanokwat has been appointed to be the member of the Corporate Governance Committee replacing Prof. Dr. Teerana Bhongmakapat, effective from April 22, 2014.

<sup>1/2</sup> Prof. Dr. Teerana Bhongmakapat has been appointed to be the member of Audit Committee replacing Ms. Panada Kanokwat, effective from April 22, 2014.

<sup>1/3</sup> For 2014 shareholders general meeting, Mr. Pichai Chanvirachart has expressed their wish not to continue their term. The shareholders' meeting has elected Mr. Sathit Aungmanee as the Company's Directors, effective from April 22, 2014.

<sup>1/4</sup> Mr. Sathit Aungmanee has been appointed to be the Member of the Corporate Governance Committee replacing Mr. Pichai Chanvirachart, effective from April 22, 2014. However his former position was the Advisor to Corporate Governance with monthly remuneration of Baht 50,000

<sup>1/5</sup> Ms. Krisna Theravuthi has been appointed to be Advisor to TISCO's Board of Directors, with monthly remuneration of Baht 40,000

In 2014, total remuneration for the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee (12 members), Advisor to the Board of Directors (1 member) and the Management<sup>1</sup> (41 persons) was 296,527,201.83 baht This was paid in the form of monthly compensation, meeting fees, provident fund, and bonuses, which varied according to TISCO Group's performance.

#### *Remuneration for subsidiary companies' directors*

Regarding directors' remuneration for companies in TISCO Group, in addition to directors' remunerations paid to directors of TISCO, the Parent Company, in 2014, 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.

<sup>1</sup> as of December 31, 2014

In 2014, TISCO Bank paid remuneration to management <sup>1</sup>(38 persons<sup>2</sup>, excluded 5 persons which are the Parent Company's management and seconded to manage TISCO Bank), was 148,468,994.56 baht. 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 executive vehicle for the Chairman of the Board of Directors with full support of related expenses actually incurred including vehicle check up, maintenance, annual registration, and auto insurance.

#### 8.5 Human Resources

As of December 31, 2014, the total number of employees at TISCO Group was 4,245 (excluding senior management) of which 3,941 were permanent employees and 331 contract staff.

Major Function	As of	
	December 31, 2013	December 31, 2014
1. Retail Banking	2,388	2,421
2. Corporate Banking	162	157
3. Wealth & Asset Management	935	981
4. Corporate Affairs & CSR	661	686
<b>Total</b>	<b>4,146</b>	<b>4,245</b>

At the end of 2014, the number of employees of TISCO Group was increased by 99 additional staffs (2.3% YoY). Meanwhile, TISCO Group's total employee remuneration in the form of salaries, bonuses, and provident fund contributions was 2,237,466,463.81 baht.

##### 8.5.1 TISCO Group Registered Provident Fund

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

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

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

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

<sup>1</sup> as of December 31, 2014

<sup>2</sup> TISCO Bank paid remuneration to 2 management namely Mr. Sathian Leowarin (Head of Bancassurance) and Mr. Teerawut Luewongsupakit (Head of Business & Risk Assessment 2), which is the management's monthly fee during January – September 2014.



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

### 8.5.2 General Human Resources Policies

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

#### 1. Principles of Dealing with People at TISCO Group

Because professionalism and trust in financial services is crucial, TISCO Group has established a clear definition of its corporate values in order to foster their development in TISCO Officers. TISCO Group's values describe the six human behaviors that accommodate the journey of the organization towards success.

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

#### 2. Hiring

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

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

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

#### 3. Employment at TISCO Group

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

TISCO Group favors a policy of long-term employment. Separations are only for cases violating the Bank's principles,

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

#### **4. Assessment and Development**

##### **4.1 Assessment**

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

##### **4.2 Development**

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

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

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

#### **5. Career Management**

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

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

#### **6. Performance Management**

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

#### **7. Employee Compensation and Benefits**

TISCO Group recognizes that its employees are its most important resource and thus places great emphasis on their health, safety and well being TISCO Group arranges for all employees to have annual physical checkups, and has set up programs

to promote continuous exercise for employees to promote good health and immunity to illness. The nursing facilities are also available at main sites to provide first aid and healthcare and provide advice on health and well beings to the employees.

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

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

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

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

TISCO Group rewards employees in the following aspects:

#### 7.1 Pay for roles and responsibilities

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

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

#### 7.2 Pay for performance

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

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

## **8. Human Resources Administration**

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

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

## **9. Succession Planning**

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

In addition, Nomination and Compensation Committee of the Company responsible to prepare the succession plan of the senior executives of all companies in TISCO Group for tranquil and continuous business operation. The succession plan will periodically review. The Nomination and Compensation Committee of the Company will select and nominate names of qualified

candidates to the Board of Director for the position of senior executives in the Company and its subsidiaries which contribute more than 25% of total revenue of TISCO Group.

### **8.5.3 Organizational Development & the Learning process**

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

#### **1. Development programs to support business & marketing plans**

##### **1.1 The Teller academy**

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

##### **1.2 Wealth Academy for Wealth Relationship Managers**

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

##### **1.3 Hire Purchase Marketing Development Program**

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

##### **1.4 Micro Finance Staff Development Program**

To support penetration into micro finance business, a new comprehensive development program was administrated to provide theoretical classroom training, practical training, and on-the-job training. It was provided to both the marketing team and the credit team. Separated modules were designed for the mentor team and the line trainer team to ensure effective management and growth over the long run.

##### **1.5 Delivery Service and Support team Development Program**

To support growth of retail business, the delivery, service, and support team was equipped with necessary product, credit, and process knowledge and skills to ensure effective service for retail clients.

##### **1.6 Mortgage Loan Staff Development Program**

To support expansion of mortgage loan businesses, retail finance marketing staffs are presented with mortgage loan product knowledge and related operations, including related insurance policies and coverage.

#### **2. TISCO Leadership Development Program**

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

#### **3. Competencies Development Program**

TISCO Group consistently values employee development and promotes training and development on specific job-related

competencies, including organization core, business and technical competencies. The training programs are offered as per organizational training roadmap and individual development plan to ensure possession of necessary skills and knowledge, both from internal training and external training programs.

#### **4. TISCO Culture and Value enhancement**

TISCO Group emphasizes on organizational culture and corporate values, namely, Mastery, Integrity, Reliability, and Customer Priority, including the two behaviors, Creativity and Guidance so that TISCO employee could open up new opportunities for their clients and the society. The statement is further emphasized in 2013 as the group logo was changed to the "Ring of Opportunity". The campaign and communication was clearly designed and embedded with all other programs, from orientations, trainings, and other activities. A more specific campaign was administered to promote and recognize adoption of corporate values into daily lives, including the Financial Architect of the month, and CEO awards program as well as incorporation in CSR activities to share employee expertise in personal financial management to students in the learning camp. Dedicated employee relation team was set up to ensure promotion of corporate values, culture and workplace environment as well as maintain strong and healthy relationships among all parties in the organization

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

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

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

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

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

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

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

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

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

In addition, TISCO's Shareholder Ordinary General Meeting for the year 2014 received a "Good" score from the Ordinary General Meeting Assessment Program conducted by the Securities and Exchange Commission in cooperation with the Thai Listed Companies Association, and the Thai Investors Association. In addition, TISCO has honored for the fourth time the SET Awards 2014 in Top Governance Report Awards Category. The award, organized by the Stock Exchange of Thailand in corporation with the Money and Banking magazine, is given to the listed company presented with distinctive governance report appraising from the information disclosed in Annual Registration Statement (Form 56-1), the Annual Report, the Company's website, and Notice and Minutes of Shareholder Ordinary General Meeting. Besides the above mentioned recognition given, Thai Institute of Directors (IOD) also awarded TISCO as the listed company with "Excellent" corporate governance recognition level considering from information

disclosed through the Stock Exchange of Thailand's information dissemination channel and other Company's public documents. The Company will report the assessment result to the Corporate Governance Committee, which will further report to the Board of Directors to review IOD's recommendations to continuously develop and improve corporate governance of TISCO Group.

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

### **1. Rights and Equitable Treatment of Shareholders**

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

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

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

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

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

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

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

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

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

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

For the 2014 Annual General Meeting, TISCO invited shareholders to propose agenda and qualified candidates for director positions in advance, from August 29, 2013 to December 31, 2013. Before mailing out the Notice, the Company posted on the Company's website to inform shareholders their rights to propose additional agenda in the annual general meeting together with related procedures, deadline for the proposal of agenda so that the Board of Directors shall consider include or not include the agenda in the Notice, and methods of proposing qualified candidates for director position to the Nomination and Compensation Committee for further recommend to the Board of Directors and propose to the shareholders at the annual general meeting. In this regard, upon the posting of information, the Company also disclosed through the Stock Exchange of Thailand's information dissemination channel.

- Notification of Meeting Details and Materials

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

For the 2014 Annual General Meeting, TISCO disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 28, 2014 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 3, 2014. The Company mailed notice and materials to shareholders since March 31, 2014.

- 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 2014 Annual General Meeting, the Company proposed four independent directors,, Chairperson of Board of Directors, Chairperson of the Audit Committee and Chairperson of the Nomination and Compensation Committee, Chairperson of Corporate Governance Committee including their profiles for shareholders to appoint as proxy. Proxy Form B which allows shareholders to indicate their voting directions was also enclosed in the Notice. In addition, shareholders can download other Proxy Forms from the Company's website.



- Shareholders' opportunity for query and comment

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

For the 2014 Annual General Meeting, all directors (12 members), TISCO Management Committee members, and the auditors attended the meeting. In addition, representatives from the Bank of Thailand were also observed the meeting.

- Conduct of the meeting and voting

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

For the 2014 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 EY Office 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 EY Office Limited to observe in the registration and vote counting throughout the meeting.

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

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

For the 2014 Annual General Meeting held on April 22, 2014, the Company notified the shareholders' meeting resolutions through the SET's information dissemination channel within the same day of the meeting and disclosed the minutes of the meetings on May 8, 2014, in compliance with the above mentioned timeframe.

Regarding measures taken to prevent conflict of interest, the Company has set the code of conduct for employees to ensure that employees comply with stipulated laws and regulations, conduct their duties with integrity, consider the Company's interests above their own, and refrain from exploiting inside information for their own benefit. Directors, Top Management or top 4 management whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked

management, and Accounting department managers must firstly file with the Company a report on his/her interest or related person's interest in relation to management of the Company upon the appointment and within 3 working days from the date of the change. In addition TISCO has set out rules regarding securities trading by employees, stating that all employees must open trading accounts only with its subsidiary, TISCO Securities Company Limited. Also, employees are required to seek approval from their supervisors and the Compliance Unit before executing trades. Moreover, it also prohibits Management Committee and insiders from trading TISCO's shares 7 days prior to the last working day of the month until 2 days after the financial statements or the summary statements of assets and liabilities of TISCO are published.

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

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

TISCO Group has placed great emphasis on managing its business operations effectively under good governance guidelines. TISCO Group has no policy to encourage transactions between related parties or any other transactions that may result in a conflict of interest. Should any such transactions occur, they must be considered thoroughly by the Audit Committee. The Audit Committee shall report and/or propose to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same conditions as those governing normal business transactions. Persons with vested interests shall not be entitled to vote for the approval of said transactions.

## **2. Interest of Stakeholders**

TISCO treats all stakeholders fairly in accordance with TISCO Corporate Social Responsibility Policy and their legal rights, either established by law or through mutual agreements. TISCO continues to develop processes to deliver superior financial products and services in order to meet stakeholders' expectations.

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

### **2.1 Shareholders**

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

### **2.2 Employees**

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

### **2.3 Customers**

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

### **2.4 Business Partners and Creditors**

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

## 2.5 Competitors

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

## 2.6 Social and Environment

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

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

### Complaint Channels

- Channel 1** Inform the complaint at TISCO Bank's Head Office or branches through officers or filling the form and submit to officers.
- Channel 2** Send a letter to the address below:  
 Compliance Department  
 TISCO Financial Group Public Company Limited  
 TISCO Tower, 21st Floor  
 48/49 North Sathorn Road  
 Silom, Bangrak  
 Bangkok, 10500
- Channel 3** Call TISCO Contact Center at 0 2633 6000 or fax the complaint to 0 2633 6800.
- Channel 4** Post your complaint on TISCO's website
- Channel 5** TISCO HR Help Line for employee

## 3. Disclosure and Transparency

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

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

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

TISCO prepares reports for submission to relevant authorities and for public dissemination on the basis of equality and simplicity. The Board of Directors shall provide a report indicating the performance of the Company and important business activities over the course of the year to shareholders. Moreover, the Board of Directors is accountable for assessing the Company's internal control system, which is primarily assessed by the Executive Board and reviewed by the Audit Committee. The Board of Directors is also responsible to certify the accuracy of information in financial statements, the Board assigns the Audit Committee to review the financial statements of the Company and its subsidiaries to ensure that they are presented in accordance with generally

accepted accounting principles and disclosed in an accurate and transparent manner to allow investors to make informed investment decisions. The Board provides the Statement of the Board of Directors' Responsibility for Financial Statements, while the Audit Committee provides reports on audit issues along with the auditor's report. Reports from the Board, the Audit Committee and the auditor's report are included in the Annual Registration Statement and Annual Report.

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

The Company assigned its Corporate Secretariat Office and Investor Relations Function to represent the Company in communications with shareholders, investors, analysts, credit rating agencies and related regulatory bodies. The Company's information is publicly disseminated for easy access to interested parties through various channels, including reports submitted to the SET, the SEC, and the Company's website under the topic of "Investor Relations". Furthermore, TISCO has set up numerous activities to portray or update the Company's information as well as to provide responses to inquiries from investors such as Quarterly Analyst Meetings, Press Conferences, One-on-One meetings and Meetings with investors, both local and international. The mentioned activities are also participated by senior management. In this respect, the activities arranged in 2014 were as follows;

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

For more information, please contact Investor Relations at:

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

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

#### **4 Responsibilities of the Board**

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

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

#### 4.1 Board Structure

The Board members are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, ability to make independent analytical inquiries, and their understanding of TISCO Group's business environment. TISCO has clearly established the proper structure of the Board as well as Guidelines for Board Composition and Selection Criteria with regard to the proportion of independent directors, management directors, and directors nominated by major shareholders to ensure the appropriateness of the Board's composition. In addition, the term of office of TISCO's directors is 1 year as specified in the Articles of Association, whereby the whole Board of Directors shall be simultaneously elected at the annual general meeting each year. However, the former Board of Directors shall remain in office to conduct the business of the Company as necessary until the new Board of Directors take office.

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

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

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

#### 4.2 Board Self-assessment

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

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

In 2013, the Nomination and Compensation Committee revised the self-assessment form to be in compliance with the Thai Director Association (IOD) and to be more accurate and suitable for the Company's business. The assessment divided into 6 areas: 1) Board Policy, 2) Board Performance, 3) Board Structure, 4) Board Style, 5) Board Meetings, and 6) Board Members. The aforementioned self-assessment consists of two aspects, which are 1) comparison between usual practice and best practice and 2) efficiency. In the year 2011, the Committee agreed that the Board Performance, Board Structure, Board Members, Board Policy, Board Performance and Board Meetings were up to best practice standard. As for the efficiency, most Board members give the 'excellent' score to all 6 areas of assessment. Certain areas naming Board Policy, Board Performance and Board Meeting were evaluated as 'satisfied'. Thus, the Committees added comments and suggestions in the assessment so that the Company could take it to consideration for further improvement.

For 2014, the Nomination and Compensation Committee presented the assessment to the Board of Directors for approval. The assessment was submitted to the Directors, then the result will be presented in the Board of Directors' Meeting during early 2015.

### 4.3 Remuneration

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

### 4.4 Board and Management Training

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

Details of the Board of Directors and Top Management attending training programs organized by Thai Institute of Directors as of December 31, 2014 are as follows:

Name	IOD Training Program
Mr. Pliu Mangkornkanok	<ul style="list-style-type: none"> <li>● Role of the Chairman Program</li> <li>● Directors Certification Program</li> </ul>
Ms. Oranuch Apisaksirikul	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● IOD Anti Corruption Training Program for Corporate and Executives</li> </ul>
Prof. Dr. Pranee Tinakorn	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● Directors Accreditation Program</li> <li>● Audit Committee Program</li> <li>● Monitoring the Internal Audit Function Program</li> <li>● Monitoring the System of Internal Control and Risk Management Program</li> <li>● Monitoring Fraud Risk Management Program</li> <li>● Monitoring the Quality of Financial Reporting Program</li> <li>● Financial Institutions Governance Program</li> <li>● Anti-Corruption for Executive Program</li> </ul>
Assoc.Prof.Dr. Angkarat Priebjrivat	<ul style="list-style-type: none"> <li>● Role of the Chairman Program</li> <li>● Monitoring the Internal Audit Function Program</li> <li>● Audit Committee Program</li> <li>● Directors Certification Program</li> <li>● Directors Accreditation Program</li> <li>● Monitoring the System of Internal Control and Risk Management Program</li> <li>● Monitoring Fraud Risk Management Program</li> <li>● Anti-Corruption for Executive Program</li> </ul>
Ms. Panada Kanokwat	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● Directors Accreditation Program</li> <li>● Financial Institutions Governance Program</li> <li>● Anti-Corruption for Executive Program</li> <li>● Risk Management Committee Program</li> <li>● Director Certification Program Update</li> </ul>
Ms. Patareeya Benjapolchai	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● Financial Institutions Governance Program</li> <li>● Directors Certification Program Update</li> </ul>
Prof. Dr. Teerana Bhongmakapat	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>

Name	IOD Training Program
	<ul style="list-style-type: none"> <li>● Financial Institutions Governance Program</li> <li>● Director Certification Program Update</li> </ul>
Mr. Yasuro Yoshikoshi	<ul style="list-style-type: none"> <li>● Director Certification Program</li> </ul>
Mr. Suthas Ruangmanamongkol	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>
Mr. Sakchai Peechapat	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● Directors Accreditation Program</li> </ul>
Mr. Metha Pingsuthiwong	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>
Ms. Araya Thirakomen	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>
Mr. Paiboon Nalinthrangkurn	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> <li>● Directors Accreditation Program</li> <li>● Audit Committee Program</li> </ul>
Mr. Chalit Silpsrikul	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>
Ms. Yutiga Sonthayanavin	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>
Mr. Chatri Chandrangam	<ul style="list-style-type: none"> <li>● Directors Certification Program</li> </ul>

#### 4.5 Group Chief Executive Performance Assessment

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

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

#### 4.6 Succession Planning

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

### 5. Integrity and Ethics

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

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

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

## Anti-Corruption Policy

In 2011, Board of Directors approved to set up **TISCO Group Anti-Corruption Policy**, with an aim to enhance integrity and ethically business operation within TISCO group. Besides, the set up policy which is held as business conduct guidance, the company has, over the year, consistently supported and participated in numerous anti-corruption activities. On October 8, 2013, TISCO was among the CAC member companies, certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption. For many years, the company has continuously support the activities held by the coalition e.g. participating in the anti-corruption walk rally on "Anti-Corruption Day 2014" on September 6, 2014 at Central World. Furthermore, TISCO enters into integrity pacts with other business when dealing with procedures related to the bidding and procurement of supplies, materials, equipment and construction.

For several times, TISCO Management has been invited to be key speakers in notable talks as well as taking part in numerous corporate governance supporting activities such as being a keynote speaker at CG Forum 2/2017 "Corporate Governance in the Perspective of Investors", joining the discussion forum "Corporate Governance in Thai institutional investors' view", being a member of Financial and Social Responsibility Club (FSR), attending the academic activities, and participating in the declaration of intention to promote business moral and integrity arranged by other business entities.

## 9.2 Other Committees

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

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

### Audit Committee

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

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

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

### Nomination and Compensation Committee

The Nomination and Compensation Committee is charged with the responsibility of identifying qualified candidates for directorships, executive and advisor(s) to the Board and/or committees whose functions, responsibilities and authorities are directly given by the Board. The Committee ensures that only the most competent individuals, who can contribute to the institution and discharge their responsibilities in the interests of all shareholders, are appointed. The candidate shall be fit and proper for the office and shall be the best and most qualified candidate nominated for the office, taking into account the candidate's track record, age, experience, capabilities and other relevant factors. The Committee also ensures that the remuneration of directors is appropriate, with regard to their responsibilities and commitment. Directors who are assigned with extra work should receive additional compensation. In addition, the Committee reviews and recommends remuneration and benefit policy for the Board, advisors and



TISCO Group's employees with clear and transparent criteria. The performance assessment criteria for Board members and TISCO Group's employees for annual remuneration review should be devised by the Committee, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value. Moreover, the Nomination and Compensation Committee is in charge of conducting performance assessments of TISCO's Group Chief Executive and presenting the result to the Board of Directors for approval, reviewing and approval of promotion, compensation and other benefits of TISCO's Group Chief Executive, including reviewing proposals on appointment, assessments, promotions, compensations and benefits of the members of the Management Committee and one further level down.

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

#### Corporate Governance Committee

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

The Corporate Governance Committee is appointed by the Board of Directors. Currently, the Corporate Governance Committee, consisting of three Directors, namely Ms. Patareeya Benjapolchai, Chairperson of the Corporate Governance Committee Mr.Sathit Aungmanee and Prof. Ms. Panada Kanokwat.

#### Executive Board

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

Currently, the Executive Board, consisting of four Director's Executives<sup>1</sup>, are Ms. Oranuch Apisaksirikul (Chairperson of the Executive Board), Mr. Suthas Ruangmanamongkol and Mr. Yasuro Yoshikoshi and one non-management director, Mr.Chi-Hao Sun (Mr. Howard Sun).

#### Specific-Area Committee of TISCO Financial Group

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

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

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

- The Compliance and Operation Control Committee is appointed by Group CEO to review operational productivity, risks, and control activities, to ensure an optimal level of operations that promotes both operating efficiency and adequate risk controls.

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

- The Information Technology Committee is appointed by the Group CEO to determine IT strategies and platforms for the group. It also ensures smooth and effective central IT and operating infrastructures including core servers, application architecture, MIS, building and office-related infrastructure and equipment. In addition, the Committee

reviews IT capital expenditure and ensures sound IT and infrastructure security policy within TISCO Group.

- TISCO Human Resources Committee is appointed by Group CEO to review and determine organization structure and job structure, human resources policies and guidelines, succession and talent management, performance evaluation, job promotions and remuneration of TISCO Group.

#### Specific-Area Committee of TISCO Bank and other subsidiaries

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

### **9.3 Directors, Independent Directors and Management Selection Guidelines**

#### **9.3.1 Director and Independent Director Nomination**

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

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

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

so appointed shall hold office only for the remainder of the term of the director to whom he has succeeded. If a general meeting of the shareholders removes a director, and appoints another person in his place, the person so appointed shall hold office only for the remainder of the term of the director so removed.

5. A general meeting of shareholders may resolve to remove a director before expiration of office with the votes of not less than three-fourths of the number of shareholders who attend the meeting and have right to vote. Such a motion must also represent an agreed number of shares equal to or not less than half of the total shares held by the shareholders who attend the meeting and have right to vote.

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

### 9.3.2 Management Selection

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

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

### 9.3.3 Qualifications of Independent Director

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

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

major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended not less than 2 years.

7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary companies.
9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

#### **9.3.3.1 Direct or indirect business relationship or being provider of any professional service by Independent director over the past accounting period<sup>2</sup>**

- None -

#### **9.4 Corporate Governance of Subsidiary Companies and Joint Companies**

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

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

To ensure coherent adoption of Corporate Governance across all subsidiary companies in TISCO Group<sup>3</sup>, roles and responsibility of the Directors and the Management who the Company seconded to manage the subsidiary companies has been clearly set. There are follow-ups procedures set to subsidiaries to ensure their promptly disclosure of any important information in accordance with relevant laws and regulations and to ensure that the subsidiaries are sufficient and appropriate internal control system, including monitoring Directors and the Managements to fulfill their duties and responsibilities according to the governed law and regulations. As stated, the Board of Directors has delegated its monitoring and supervising roles to certain Management and sub-committees. Details on scope of authorities, duties and responsibilities of Sub-Committees are as shown in subtopic 8.1 and 9.2. For subsidiary companies' related party transaction with related parties, significant acquisitions or dispositions of assets, or other significant transactions of subsidiary companies, i.e. termination of subsidiary companies, capital share increase or reduction must be approved by the Board of Directors or in the Shareholders' Meetings prior to conducting the transactions. Over the period, the Company has strictly followed Regulations of Stock Exchange of Thailand, Notification of the Securities and Exchange Commission, and relevant Notification of Capital Market Supervisory Board regarding any related party transactions and any transaction that may cause conflicts of interest.

##### **9.4.1 Roles and Responsibilities of the Board**

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

<sup>2</sup> 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)

<sup>3</sup> According to the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares

accordance with all laws, rules and regulations as well as upholding the highest ethical standards.

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

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

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

All major activities of TISCO Group are to be regulated by policy which shall be flexible. When required, they should extend to cover new or improved practices and adapt to changing business conditions. Having clearly written policies prevents miscommunication. Newly introduced activities should not be undertaken without proper implementation of policy. The Board should specify appropriate procedures in monitoring and reporting risk activity.

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

TISCO Group has placed great emphasis on managing its business operations effectively under good governance guidelines. TISCO Group has no policy to encourage transactions between related parties or any other transactions that may result in a conflict of interest. Should any such transactions occur, they must be considered thoroughly by the Audit Committee. The Audit Committee shall report and/or propose to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same conditions as those governing normal business transactions. Persons with vested interests shall not be entitled to vote for the approval of said transactions.

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

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

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

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

On the Board's role in supervising risk management, the Board ensures that management has identified potential risks and has established an adequate risk management process to assist in identification, measurement, monitoring and control of various

categories of risk commonly encountered by financial institutions. It is the responsibility of the Board to approve and periodically review TISCO Group's risk management strategies that are ultimately implemented by management.

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

## 9.5 Control of Internal Information

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

## 9.6 Auditor's Fee

### 9.6.1 Audit Fee

The Company and its subsidiaries for the year 2014 amounting of 7,380,000 baht to EY Office Limited.

### 9.6.2 Non Audit Fee

The Company paid non-audit fees in 2014 amounted to 240,000 baht to EY Office Limited. These fees were for special audit under the requirement of the Bank of Thailand.

## 9.7 Compliance with Related Corporate Governance Practices

### 9.7.1 Business Ethics

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

1. Honest and fair conduct	Employees shall conduct their duties with honesty and fairness and refrain from exploiting their position for their own benefit or that of any particular group, or committing any dishonest action that may damage TISCO Bank or customers.
2. Prudence	TISCO Group shall ensure that the business has been operated with prudence and due professional care that a prudent and competent expert would exercise under a given set of circumstances. TISCO Group employees must ensure that they have operated the business with prudent business practice at all time.
3. Legal and regulatory compliance	Employees shall comply with applicable laws and regulations, and refrain from assisting others to violate any laws, regulations, or ethical principles. Employees shall make an effort to learn, understand, and monitor changes to relevant laws and regulations, as well as keep up to date with their professional code of conduct.
4. Record keeping and reporting duties	TISCO Group's financial and other record keeping must be accurate and

	complete. TISCO Group shall not withhold any information from appointed auditors or other supervisory agencies, and shall disclose information required to evaluate the accuracy of financial statements and the integrity of TISCO Group's operations.
5. Duty of confidentiality towards TISCO Bank and customers	Confidentiality towards TISCO Bank and customers is fundamental to TISCO Group's business operations. Employees must protect all "Proprietary Information" they receive, whether or not such information is related to them, including financial information pertaining to TISCO. Customer transactions and activities within TISCO are deemed confidential and shall not be exploited for any employee's own benefit, nor be disclosed to any other party who is not authorized to receive such information. This obligation continues to apply after employment ends. To protect the privacy of fellow employees, employees must maintain the confidentiality of their personal information.
6. Conflict of interest	Employees shall concentrate on their responsibilities to TISCO regardless of personal interest. Their business decisions shall be made to ensure maximum benefit for TISCO and its clients. Employees shall protect the interest of TISCO, as well as avoid the appearance of conflict of interest. Employees should not personally pursue business opportunities that would otherwise be available to TISCO as a reasonable business opportunity. Employees should avoid situations or arrangements in which employees are or could be perceived as competing with TISCO. Employees are not allowed to receive any benefits such as cash or gifts related to their involvement in situations or activities that lead or appear to lead to a conflict of interest between employees and TISCO or clients.
7. Political support	According to the rules laid down by TISCO Group, donations to political parties or political candidates including payments to government officials, is prohibited.
8. Customer Complaints	TISCO is committed to resolving and reporting the result of customer complaints using the highest standards and best practice procedures. All complaints shall be submitted to the responsible persons and should be resolved as soon as possible. A contact center is open 24 hours a day to receive complaints and other inquiries from customers.
9. Advertisement and Sales Literature	TISCO offers products and services that meet customers' needs, and discloses details and conditions for their understanding and clearness. TISCO realizes the importance of customers' rights and strictly complies with related rules and regulations.
10. Anti-Corruption	TISCO implements a zero-tolerance policy against corruption. TISCO Directors, management and employees are prohibited from receiving or offering bribes in any form and in all activities under the company's control. TISCO also ensures that charitable contributions, sponsorships, gifts, hospitality and other expenses, are transparent and will not be for the purpose of attempting to influence the recipient, whether government or private, into an improper exercise of functions, duties or judgment.
11. Environment, Health and Safety	TISCO complies with all applicable laws and relevant industry standards of practice concerning protection of health and safety of its employees in the work place and other persons affected by its business activities and the prevention of environmental pollution. TISCO is committed to continual improvement of Environment, Health and Safety management practices.
12. Respecting Human Rights	TISCO operates its business by strictly respecting human rights principles and believes that a successful business must operate with ethics and humanity, with everyone entitled to full equality.
13. Protecting TISCO's Property	In order to operate in an efficient and cost-effective manner, employees should properly maintain, protect from theft and waste, and use TISCO's

	property in an appropriate manner and for legitimate business purposes.
14. Strong Work Ethic	Employees must work full time for TISCO and show a high level of dedication to TISCO, feel personally responsible for their own job performance, be punctual, perform to the best of their ability, care about the quality of their work, respect their peers, and help a team meet its goal.
15. Outside Employment or Activities	<p>Employees must not engage in any outside employment, business or activities, which create a real or an apparent conflict of interest or interference with TISCO's assigned duties, or in conflict with TISCO's hours of employment.</p> <p>After normal working hours, full-time employees should not engage in any business, work or paid-activities, which may have a detrimental effect on their working performance with TISCO.</p>
16. Care with External Relationships	To maintain a good relationship with the public, employees should take special care in dealing with the media, government officials and community groups.
17. Reporting Illegal or Unethical Behavior or Retaliatory Action	<p>Employees have the responsibility to seek appropriate guidance regarding their actions when necessary and to report violations of laws, rules, and regulations that apply to our business, as well as violations of this Code of Conduct and other TISCO policies, to the extent that they know any violation has occurred. By reporting the misconduct, employees promote the ethical culture at TISCO.</p> <p>TISCO has also set up a whistle-blowing procedure to receive reports of illegal or unethical behavior or retaliatory action from any person, both internally and externally. Reporter could report through the provided channel such as Official Website and an assigned e-mail address.</p> <p>TISCO is committed to ensuring confidentiality and protecting any person from retaliation who reports in good faith illegal or unethical behavior.</p>
18. Disciplinary Action	Actions, which violate or appear to violate the code of conduct, will be investigated and processed according to disciplinary guidelines of TISCO. The facts that a particular action by any employee is not mentioned in the Code of Conduct and other guidelines do not prevent it from being unacceptable or discreditable, and therefore, the employee can be liable for disciplinary action.



## 10. Corporate Social Responsibility

### 10.1 Overview

TISCO Group realizes that success in business is not measured solely by profitability or performance growth, but also by good corporate citizenship, business ethics, involvement in community development and helping underprivileged people to be self-reliant and independent. We recognize that building a society with a solid foundation is a critical factor for sustainable development, and therefore conduct our business responsibly.

TISCO Group places great importance on its corporate commitment to social responsibility as one of the group's core values. For more than 46 years, TISCO Group operates businesses with ethics and strong sense of social responsibilities. These values incorporate into management practices as examples for younger generation to follow the footsteps and become our corporate culture, to commit to the highest ethical standards as follow:

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

TISCO Group's projects have been largely driven by the "Volunteer Spirits" of the company. Corporate Social Responsibility unit (CSR), serving as the CSR project center, plans the CSR directions, sets up the budgets as well as organizes CSR projects and activities. Their duties also include following up the project performances, reporting the progressions to the board of directors and serving itself as the communication center with the external organizations. All will be performed in accordance with TISCO Group's core values: to create sustainable development in the society.

### 10.2 Framework and Approach to Reporting

#### 10.2.1 Approach to Reporting

TISCO Group reports the Corporate Social Responsibility (CSR) activities in the company's Annual Report. The Sustainability Report is available both in print and online version: <http://www.tisco.co.th> in Thai and English language.

The 2014 Annual Report includes the activities collected from 1 January 2014 – 31 December 2014 from all involved parties. In order to comply with sustainable reporting, TISCO Group followed the Global Reporting Initiative (GRI) G 4 "in accordance-core" guideline and content index. The company's GRI index is disclosed in all aspects in the company's website: <http://www.tisco.co.th/en/aboutus/social.html>

However, some indicators may be omitted since the company is still under the process of developing and improving its reporting systems for a full and complete sustainability report in the future.

#### 10.2.2 Framework

##### 1. Ethical Business Operation

The Board of Directors recognized the importance of integrity and ethical in operating business. Thus, the Board incorporated the policy to treat stakeholders with fairness and respect to their

The Board of Directors recognizes the importance of fairness is committed to the business. The principle of operation is fair to all groups involved in the corporate governance practice, which includes a fair competition. In response to the policy of the business with fairness. TISCO standard packing Ethics (Code of Corporate Ethics) in the operating manual for the general staff. Cover the honesty and justice is not making any fraudulent or implied to the benefit of specific groups. Compliance with regulations and laws strictly. Confidentiality of clients, etc. It also provides a test of knowledge about the guide, to all employees annually in the annual evaluation of employees (Competency KPI) to ensure that employees understand. comply with the standards set in the customer service.

TISCO Financial Group's policy was to operate with transparency. The guidelines are as follows: the proportion of independent directors equal to half of the Board of Directors, the Board or a committee of 6 independent members of the Board of Directors 12 each as experts in various fields, it added. a key role in the strategic management of the company and directed a competitive and transparent. Disclosure in accordance with the Exchange Act and the Securities Commission and the Securities. The full and timely disclosure of financial information for decision making. To arrange an inspection and authentication of financial reports from the external auditors during the year by the scheduled time. The information required by law, such as taxation and fiscal won prosperity. The data on the basis of the anti-money laundering and so on.

TISCO Group includes Code of Corporate Ethics in its employee manual. The codes cover ethical and moral values that employees must be abided to ensure no behaviors leading to corruptions, prejudices, violation of rules, and leakage of customers' private information. Employees must pass annual test of their knowledge and understanding of corporate ethics and compliance.

TISCO Group transparency relevant to management practice: information disclosure, clarity, and accuracy. To increment transparency, managers actively infuse greater disclosure, clarity, and accuracy into their communications with stakeholders. For example, managers that voluntarily share information related to the firm's ecological impact with environmental activists are demonstrating disclosure; managers that limit the use of technical terminology, fine print, or complicated mathematical notations in their correspondence with suppliers and customers are demonstrating clarity; and managers that do not bias, embellish, or otherwise distort known facts in their communications with investors are demonstrating accuracy. The strategic management of transparency therefore involves intentional modifications in disclosure, clarity, and accuracy to accomplish the organization's specific objectives.

## **2. Anti-corruption**

TISCO Group emphasizes on Corporate Governance policy and has followed this path with high standard for more than 46 years. Therefore, we are ready to bring our knowledge and idea into practice. In 2010, TISCO Group signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption in "Private Sector Collective Action Coalition Against Corruption Seminar" hosted by Thai Institute of Directors Association (IOD), Thai Chamber of Commerce (TCC), Joint Foreign Chambers of Commerce (JFCCT), the Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries to create awareness against corruption in Private Sector. This national project was well-supported by Office of the National Anti-Corruption Commission and Center for International Private Enterprise (CIPE). TISCO was certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption on October 8, 2013.

In 2014, TISCO Group has launched the additional plan in the company's "Anti-corruption policy" to guide our group of companies to practice with honesty, efficiency and effectiveness and ready to support Private Sector's anti-corruption activities every year. (see more details in Section 10.5 Anti-corruption Guideline).

## **3. Respect on Human Rights**

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

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

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

## **4. Labor Justice**

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

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

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

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

In 2014, the Human Resource & Organization Development department has continually arranged several training programs for TISCO employees throughout the year.

### **5. Responsibility on Consumers**

TISCO Group aims to operate its business with the highest ethical standards and exert effort to respond to all financial needs to create wealth and sustainable value for consumers, shareholders, employees, and society. For the past 45 years, TISCO has focused on providing financial service in every business with professional expertise. We place great importance on customer centricity to respond to customers' needs with a wide range of products. To maximize client value, 4 pillars of focused business areas serving key clients and all stakeholders have been identified, comprising of Retail Banking, Corporate Banking, Wealth & Asset Management, and Corporate Affairs & CSR.

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

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

### **6. Environmental Conservation**

TISCO Group always instills a sense of responsibility in environmental conservation to its employees through constructive activities such as promoting and enhancing efficiency of energy usage, launching a campaign to combat global warming through printed media. TISCO always encourages loans for firms that propose the projects with environmental conservation agenda and optimal utilization of natural resources.

TISCO Group signed the agreement to support and to be a part of United Nations' environmental services in 1992 since we realized the strong connection between community and environment, business profit and sustainable development. In addition, in 1991, TISCO started its first reforestation project and has continued to do so as an annual activity for almost 20 years with management and staffs joining the activities for public benefit. (see more 10.4 CSR After Process)

### **7. Community and Social Development**

More than 46 years, TISCO Group has been committed to sustainable development of the society by providing long-term support on charitable projects. TISCO voluntary groups work as a team in both long-term projects, which are tree-planting project, nationwide blood donation, Thai Contemporary art support project. In 2014, TISCO followed its Financial Literacy to Society project aspiration by initiating "TISCO Fun-nancial Champion" program. TISCO Groups also initiated several ongoing projects such as "Promoting Self-Sustainability in the Community" project and "TISCO for Teaching Enhancements project. Moreover, TISCO Group continuously supports special charity projects such as flood relief activities by granting business start-up fund for flood victims, school supplies and construction funds.

TISCO Group's community and social support has continuous and systematic plan to create sustainable development. For more than thirty years, TISCO Foundation for Charity was established to work full time on social development, providing opportunities to the underprivileged to be able to rely on themselves. The Foundation's main activities are to provide scholarships for needy students nationwide, and provide start-up and medical treatment funds for the underprivileged to help them stand on their own feet and be able to earn their living. Every year the Foundation's working team went on field trips to visit schools and students to follow up the scholarship recipients' performance. (see more 10.4 after process).

### **8. Innovation from Social Works**

TISCO Foundation for Charity is a non-profit organization established by TISCO to work on a full-time basis for social development works. The foundation has been registered under the Ministry of Finance as such receipts from the donation can be applied for tax deduction. In addition, TISCO has established Productivity Improvement Department to monitor the process of resources utilization to their fullest potential under effective control system. We develop electronic banking services which help facilitate financial transactions for customers and at the same time reduce the paper usage. TISCO Bank also initiated the e-statement, 24 hour access to TISCO accounts and electronic banking services. For internal operation, we develop electronic

reporting software for our employees. Not only it helps reducing resource consumption, it also reduces commuting time for our marketing employees who are frequently out of office for visiting their clients. All are for fulfilling our clients' satisfaction.

**10.3 Social and Environment Affect Business**

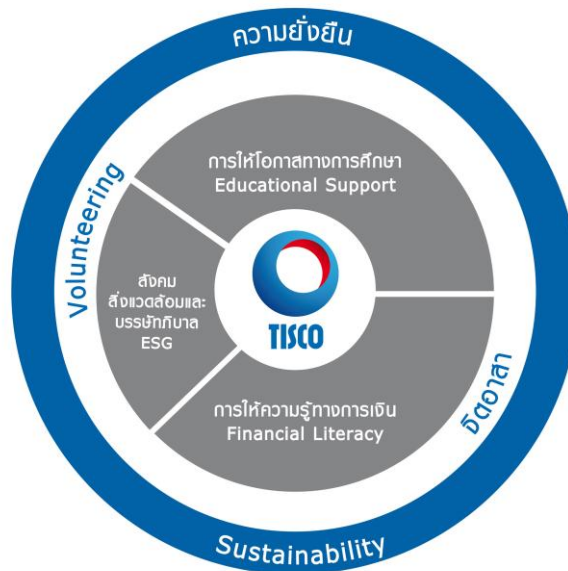
TISCO Group has placed high standard on responsibility to the customers. The company's lease purchases contracts as well as other transactional contracts are widely accepted and meet the standards of the Office of the Consumer Protection Board to ensure fairness and maximum benefit to customers.

Corporate Compliance department has been set up to monitor and handle customers' complaints issues with highest standard to make sure that customers would receive fair treatments. Therefore, TISCO Group's business has never been accused of doing business with negative effects on the company's CSR framework.

**10.4 Corporate Social Responsibility for Society and Environment (After Process)**

TISCO Group always emphasizes to a long-term project to achieve sustainable development. From 2013 onward, TISCO Group has implemented a new Social Responsibility Roadmap consisting of 3 main cores as follow:

**TISCO Group's Social Responsibility Roadmap**



**1. Educational Support:** TISCO Group has continuously been giving educational support to needy students nationwide since education is a tool to elevate people's quality of life. TISCO Group has been granting scholarships to need students, providing fund to enhance teacher's teaching skill as well as supporting teaching tools and construction of school building to underprivileged schools nationwide.

**2. Social Financial Literacy:** As a financial institute, TISCO Group dedicates to use its financial expertise to reduce personal finance illiteracy in the society. A research from Bank of Thailand (BOT) showed that financial knowledge among Thai people is still under average especially personal finance knowledge. Therefore, TISCO Group aims to fill this gap by developing its own financial literacy programs for Thai youths and community. The programs were supported by TISCO Group voluntary staff.

**3. Environment, Social and Governance – ESG:** TISCO Group promotes ESG activities in order to create "Volunteer Spirits" among employees i.e., environmental activities, cultural activities, social activities and especially anti-corruption activities. TISCO Group's CSR projects have been driven by the "Volunteer Sprits" of the employee with supervisions given by the company's board of directors. TISCO Group also regularly joins local community activities together with its network and alliances and supports CSR activities by TISCO Bank branches nationwide to create sustainable development.

## CSR Highlight in 2014

### 1. Educational Support

#### 1.1 School Reconstruction and Renovation Projects

In 2014, TISCO Group funded construction and renovation of a school building as well as supported teaching tools and educational equipment for 6 schools nationwide as follow:

- Support the construction of the new school building for Ban Tha Din Dam School, Lopburi Province

In 2014, TISCO Group funded the construction of the new school building for Ban Tha Din Dam School in Lopburi Province. The objective was to offer educational support to the increasing numbers of new students whose parents moved to Lopburi for low-skilled works. The new 2-story building had 4 classrooms and had a ground floor as a multipurpose hall to replace the 36-year-old building with 4 classrooms, which was old, ruined and unsafe for teachers and students.

TISCO Group, the main sponsor for this project, received support from the donated money via "TISCO to support Thai education" charity account and received construction tools from business partners i.e., TPI Polene Public Company Limited., Siam Art Ceramic Co., Ltd., Lighting and Equipment Public Company Limited, Bangkok Cable Co., Ltd. The construction was scheduled to be completed in July 2015.

- Support the construction and renovation of the school canteens for 3 schools in Roi Et and Nakhorn Phanom Province

TISCO Group also funded the construction of the new canteen for Saitong Wittaya School in Roi Et Province to replace the previous 37-year-old one which was old, ruined, and too small for 816 students in the school. The construction was fully completed with TISCO Group's funding.

In Nakorn Phanom Province, TISCO Group supported the canteen renovation for Kang Sri Sararom Samakee School and Ban Kok Klang Kang Noi School, since their previous canteens were old and in unhygienic state. The construction of the new canteens, also served as multipurpose area for their students and communities, were completed in 2014.

- Support the construction of the multipurpose hall for Ban Sri Kaew, Srisaket Province and support firefighting equipment for Ban Non Rawiang, Surin Province

#### 1.2 "Teaching Enhancement Project"

"Teaching Enhancement Project" was initiated after TISCO Group received direct and indirect messages of the shortage of Thai teachers in Mathematics, Technology and English departments in both qualitative and quantitative aspect. Even though the public sector was trying hard to fill the gap, it still needed cooperation from every section in the society. TISCO Group would like to be a part to help solving this problem and help enhancing teaching ability and elevating Thai education standards.

Since 2012, TISCO and the Institute of the Promotion of Teaching Science and Technology (IPST) have launched "Enhancing of Mathematics Teaching program". TISCO Group firstly provided a 3-year training course for Mathematics teachers in primary schools. Participating teachers would spend 3-4 days each semester to creating systematic teaching plan for each school semester in Bangkok which has plan as below:

Year 1		Year 2		Year 3	
October 2012	April 2013	October 2013	April 2014	October 2014	April 2015
<b>Prathom 1 and 4</b>		<b>Prathom 2 and 5</b>		<b>Prathom 3 and 6</b>	
No. 1/2 (2 <sup>nd</sup> Semester)	No. 2/2 (1 <sup>st</sup> Semester)	No. 1/2 (2 <sup>nd</sup> Semester)	No. 2/2 (1 <sup>st</sup> Semester)	No. 1/2 (2 <sup>nd</sup> Semester)	No. 2/2 (1 <sup>st</sup> Semester)

-

As of 2014, there were 100 Mathematics teachers from Prathom 1-6 from 39 schools in 18 provinces across the country enrolled in this program and there were increasing number of teachers who showed their interest in joining the program. However, to reach the workshop's maximum potential, only 30 teachers from each Prathom were accepted each semester. Furthermore, more than 70% of the participating schools had only one teacher teaching multiple subjects to different grade levels. Therefore, this project was in its slow pace comparing the time spending on it.

The follow-up survey found that participating teachers applied the teaching plans to their own teaching. They used new teaching tools in classrooms. They also encouraged students to brainstorm their ideas and share their thoughts to their classmates.

Some teachers also shared these plans to their colleagues from other departments. The teachers agreed that the new teaching plans helped captivating students' attention. These students seemed to have positive attitude towards Mathematics, even though, the test results could not yet show the clear improvement. Furthermore, this project also helped students to build a solid Math foundation even though 70% of the participating teachers were not specialized in the subject.

TISCO Group also held a special 3-hour financial planning course for these teachers to help them access personal finance management tools. This class, taught by TISCO voluntary staff who had strong financial knowledge background, shared financial knowledge to the participants. Basic financial planning, debt management, saving techniques, investing in mutual funds were among the topics in the course. The follow-up survey showed that teachers applied these saving techniques to their everyday life and also shared those tips to their students.

Name of the schools that enrolled in the program:

Bangkok	1. Bang Khae Nuea School
Mae Hong Son Province:	2. Ban Thung Kong Mu School
	3. Ban Nam Rin School
	4. Ban Nam Sorm School
	5. Ban Mae Ki School
	6. Baan Sop Soi School
	7. Ban Mai Sang Nam School
	8. Ban Nong Haeng School
	9. Baan Huai Sing School
	10. Ban Mahin Luang
Chiang Mai Province:	11. Srisuphan School
Phayao Province:	12. Ban Pua Si Phrom School
Nan Province:	13. Ban Hat Khet School
	14. Ban Rim Fang Nan Wittaya School
	15. Ban Huay Wiang Nuea School
	16. Ban Tha Lo School
Phichit Province:	17. Wat Wangwa School
Nakhorn Sawan Province:	18. Tessaban 3 School
	19. Thetsaban Wat Sai Nuea School
Lopburi Province:	20. Ban Sap Champa School
	21. Ban Wang Phai School
	22. Ban Than Din Dum School
Ayutthaya Province:	23. Cholpratan Anukroh School
	24. Wat Thang Yao School
Pathum Thani Province:	25. Wat Suwan Jin Daram School
Nakhon Pathom Province:	26. Ban Kratum Lom School
	27. Phra Pathom Chedi School
Chonburi Province:	28. Ban Soet Samran School
Nakorn Ratchasima Province:	29. Chumchon Prathai School
Amnart Charoen Province:	30. Ban Khoksawat Nongsonghongdondan School
	31. Ban Kham Kha School
	32. Ban Khok Loa School
	33. Ban Yae Nong Khaen School
Yasothon Province:	34. Ban Kham School
Phuket Province:	35. Phuket Kindergarten
Nakhorn Sri Thammarat Province:	36. Wat Suwan Khosit School

Trang Province:	37. Ban Kum Pre School
	38. Wat Tha Klong School
	39. Ban Nong Wa School

### 1.3 Educational Scholarships

For more than 32 years, TISCO Group has been granting educational scholarship to needy students nationwide through TISCO Foundation for Charity which was established in 1982 to work towards the long-term goal of improving society and the nation. Apart from the interest generated by the foundation's capital fund, the foundation has received regular support from TISCO Group, TISCO employees and the general public. The interest income from such funds has been donated to many charitable projects in accordance with the foundation's objectives.

#### Scholarships (Unit: Baht)

Year	Scholarships
1982 - 2008	139,960,862
2009	19,347,800
2010	19,715,000
2011	19,586,000
2012	27,023,000
2013	26,993,000
<b>2014</b>	<b>28,040,500</b>

In 2014, TISCO Group provided 7,502 scholarships at the total amount of 28,040,500 baht to needy students at every level throughout the country. Among these scholarships, 4,101 scholarships (55%) have been continuously granted, and 3,401 scholarships (45%) to the new recipients.

**Follow-up Progress:** TISCO Foundation has regularly followed-up and made outcome evaluations of the scholarships to maximize its benefits in the future. TISCO Foundation's committee members, staff and voluntary working group usually made follow-up progress by visiting schools and homes of the granted students and also the prospective ones. As for the start-up fund support, the Foundation's staffs usually visit the fund recipients to see their progress 2 times, once after the funds have been granted for 2 months, and once after 1 year. In 2014, TISCO Foundation's staff went on field trips to follow up scholarships

Performance nationwide as follow:

- Central Region: Lam Sonthi Kindergarten, Ban Sap Hin Khwang School, Ban Tha Manao School, Ban Sap Champa School, Ban Huai Lam School, Thawaranukul School, Wang Klai Kang Won School, Bannongkam School, Kuiburi Wittaya School, Phra Chom Klao College Of Nursing

- North Eastern Region: Ban Nong Saphang School, Nakhamwitthaya School, Si Suk Phitthayakhom School, Sarakham Pittayakhom School, Ban Na Lao School, Changan Thittawiriyi Prachasan School, Chang Phueak Witthayakhom School, Ban Nong Laeng School, Bunlua Wittayanusorn School, Kritsana Wittaya School

- Northern Region: Thetsaban Wat Si Suphan School, Anusansunthorn School for the deaf, Thammarat Suksa - Wat Pra Singhaworaviahn School, Mae Rim Witthayakhom School, Chiangmai College of Dramatic Arts Model, Mahamakut Buddhist University – Lanna Campus, Samakkhi Witthayakhom 2 School, Sahasat Sueksa School, Ban Du School (Saharat Phatthanakhan), Bahn Pa Bong School, Doi Ngam Subdistrict Administration Organization School (San Chang Tai), Phan Phiset Phitthaya School, Sueksa Songkhro Mae Chan School

TISCO Foundation for Charity is a non-profit organization established by TISCO Group to work on a full-time basis for social development works. The foundation has been registered as foundation no. 379 under the Ministry of Finance as such receipts from the donation can be applied for tax deduction.

TISCO Group also supported 1,572 educational scholarship through Sem Pringouangkao Foundation for orphans affected by AIDs in the 5 Northern Provinces: Chiang Mai, Chiang Rai, Payao, Lampang, Lampoon and Mae Hong Son.

## 1.4 Others

To welcome the upcoming ASEAN Economic Community (AEC) and to promote foreign languages learning among Thai students, TISCO Group supported the English language books donations with Book for Thailand Foundation to 550 schools throughout the country.

## 2. Social Financial Literacy to Society

TISCO Group realized that Thai people were still lacking of personal finance knowledge. As a financial institute, TISCO Group aimed to use its financial expertise to solve the problem and to serve as the communities' financial advisor. This idea paved TISCO Group's Corporate Social Responsibility direction in 2014. During the year, TISCO's volunteer staffs have initiated financial planning programs, focusing on Thai youths which were:

### 2.1 Financial Literacy Programs for Thai Youth

TISCO Group has launched Financial Literacy course for youths since 2012. The project called "Learning Finance with TISCO" with collaboration from TISCO volunteer staff with strong background of financial knowledge. TISCO Group realized that the youth would soon become the nation's most valuable asset, so they should be equipped with essential financial knowledge that could be applied to everyday life of themselves, their families and their communities. In 2013, Financial Literacy programs for youth had been developed into 2 programs with main objectives to spread and magnify positive societal outcomes from the knowledge they had learned. The programs are instructed by TISCO volunteer staffs as following:

#### 2.1.1 High School Level

The Financial Literacy course for high school students is called "TISCO Fun-nancial Champion: Saving before spending, a disciplined approach to personal finance", an integrating education and learning with recreational and entertainment activities to make the learning most effective. The program offers opportunities for learning beyond the classroom, enabling them to realize the importance of personal finance and to apply those necessary skills in their daily lives. The content of this project is adapted from The Stock Exchange of Thailand and the Bureau of Academic Affairs and Educational Standards' financial program for youth launched in 2004. The course is integrated with stories of factual and contemporary finance episodes that emphasize the importance of personal finance, money-saving, value-awareness and responsible spending of money. For example, personal budgeting, income/expense accounting, various money-saving techniques, the compound interest calculation, and not being victims of bait advertising or loan sharks.

#### 2.1.2 Undergraduate Level

The Financial Literacy course for undergraduate students is called "TISCO Young Financial Planner". This course aims to prepare the participants to realize the importance of personal financial planning and be ready to progress into a more rewarding working life. It also provides opportunities for them to learn about life beyond classroom. This course is developed from "TISCO Fun-nancial Champion" with a deeper and wider coverage. In addition to the money saving, understanding the value of money and spending wisely, more contents on appropriate and responsible investments and self-development skills for their future careers were also added into the course.

Both programs contain 2 activities as follow:

1. **Financial Camps:** The camps are held at TISCO headquarter for 5 days 4 nights, consisting of lectures, learning-based activities and field trips. Participants not only learn about financial knowledge, but they also have opportunity to explore real financial world and real working life, as well as to contribute to society trough out CSR activity. Applicants are screened and narrowed down to 80 participants per each camp.
2. **After-camp Idea Contests:** After the camps, the students have to submit their initiated financial idea reports on how they promoted the financial knowledge to their schools and communities after finishing the camps. They are given 3 months to implement those activities and are requested to submit a result report on such activities to compete for an educational development fund. For high school students, the schools of the final teams would receive educational development fund and trophies. For undergraduate students, the final teams would receive scholarships and trophies. Individual certifications will also be granted to all students participating in the programs.

The Financial Literacy programs are consecutively scheduled every year. The participants are selected based on TISCO's objectives to spread the financial literacy cross the country. The allocated quotas for each region are divided into 5 areas: 1. Bangkok and vicinity 2. Northern Region 3. Central Region 4. Eastern and Northeastern Region 5. Western and Southern Region, including three southern border provinces. For the selection criteria, the committee evaluates candidates from the answers provided in the application form about concept of money-saving and spreading financial knowledge to others to ensure that the selected participants will truly drive and promote financial literacy to their communities in the future.



### Overall Financial Literacy Programs in 2014

**Financial Camps :** 4 Camps was held with 396 total participants across the country, details as shown below;

Financial Camps for High School Students		No. of Participants	No. of Schools	Provinces
2013	Class 1	80	40	30
2014	Class 2	80	39	24
	Class 3	78	39	28
Total		238	118	82

Financial Camps for Undergraduate Students		No. of Participants	No. of Universities	Provinces
2014	Class 1	79	8	8
	Class 2	79	24	14
Total		158	32	22

**After-camp Idea Contests:** There were after-camp idea contest activities for both high school students and undergraduate students of class 1 and class 2. For TISCO Fun-nancial camp, there were 55% of the participants who submitted their ideas to the after-camp contest and the financial literacy they learned during the camps were spread to more than 10,000 people, with the support from their teachers and schools. Meanwhile, for TISCO Young Financial Planner camp, there were roughly 30% of the participants who submitted their ideas to the after-camp contest, as they were tied up with their regular educational assignments and examinations. However, TISCO Young Financial Planner Class 2 participants were completely able to pass the knowledge to more than 1,200 people. (TISCO Young Financial Planner Class 1 was media creation contest to spread financial knowledge).

### 2.2 Financial Literacy to Communities Project.

According to the expansion of TISCO's microfinance business through all branches nationwide, TISCO group has launched financial literacy to local communities project, namely "Smart Savings, Smart Spending". The project aims to provide financial literacy that can be applied in their daily lives, to avoid financial problems and not being victims of loan sharks. Furthermore, financial knowledge tool kits from Bank of Thailand which was supported by TISCO group as well as household accounting books created with the concept of "Saving before using" were also given to participants. In 2014, 44 financial literacy to local communities projects were held in 33 provinces and there were 7,200 participants around the country.

## 3. Environment, Social and Governance – ESG

### 3.1 Environmental Conservation

**Reforestation Project:** Since 1991, TISCO Group has continuously organized the annual reforestation and forest preservation activities to promote awareness and to encourage its employees to take part in the environmental activities. In 2014, TISCO Group held "The 29<sup>th</sup> Brackish Water Mangrove Reforestation" activity with "Look Phra Dabos Samut Prakarn under the Royal Initiative of His Majesty the King". Around 120 of TISCO Group employees from Bangkok and its vicinity planted 1,500 plants such as Lumpan tree, Taboonkhao tree, Samor Talay tree, Po Talay tree, Prong Dang tree, Fad Dok Dang tree covering 2 rai in Chalerm Phrakiat Public Park, Samut Prakarn. TISCO Group also organized integrated farming activities following the Royal initiative on sufficiency economy and the sufficiency economy study for Dabos students, as well as supported woodworking class in Phra Dabos School. Moreover, the project also helped promoting agricultural technology, promoting agritourism and was a training site for students, farmers and the public.

Reforestation Project	Amount (tree)	Amount (rai)
From 1991 to 2011	348,000	1,100
2014	1,500	2
<b>Total</b>	<b>349,500</b>	<b>1,102</b>

TISCO Group's environmental conservation also included resource management policy under **United Nations Environment Programme Finance Initiative**. TISCO Group gave great importance on creating mindset for energy saving and environmental conservation to its employees, i.e. promoting turning off lights and shutting down computer screen during office

break, employee commuting planning, using environmental-friendly office supplies, reducing paper use, reducing waste and promoting “**Paper separation...give opportunity to needy students**”. In 2014, the income from selling recycling paper contributed 90 scholarships to needy students through TISCO Foundation for Charity.

In 2014, TISCO Group also supported “**Sathorn Model**”, a project initiated by World Business Council for Sustainable Development (WBCSD) to ease traffic congestion on Sathorn Road where the headquarter of TISCO Bank is located. The project aimed to help improving the quality of life of those who live and/or commute on Sathorn Road. TISCO Group surveyed each employee’s transportation plan and promoted “Park & Ride Option” for those who wish to park their vehicles on the outskirts of Bangkok and commute to the inner Bangkok via BTS or MRT to help reducing the traffic flow on Sathorn Road during rush hours.

### 3.2 Social

**Blood Donation:** TISCO Group and the Thai Red Cross Society have organized blood donation for over 30 years to give opportunities for employees, customers, and the public to participate in the activity every quarter at its Head Office, North Sathorn. The activity has also been held at our branches across the nation. In 2014, the blood donation events were held 10 times and we received 4,169 units of blood or 1,624,750 cc. The donations helped more than 12,000 of critical patients.

Blood Donation Record from 2009 – 2013			
Year	No. of Time (s)	Amount of Blood	
		Units	cc.
2010	12	2,840	1,136,200
2011	11	2,743	942,050
2012	16	4,429	1,726,650
2013	13	4,674	1,739,100
2014	10	4,169	1,624,750

**Medical Fund and Start-up Fund:** TISCO Group has established TISCO Foundation for Charity in 1982 to work towards the long-term goal of improving society and the nation. Apart from granting scholarships to needy students, TISCO Foundation also grants medical fund such as funding for artificial organ and orthosis and prosthesis to destitute patients. Furthermore, TISCO also provided business start-up fund for underprivileged people to promote self-reliance. During the year contribution for medical fund were 282,818 baht and 145,720 baht for business start-up fund.

**Others:** TISCO Group also supported other charity activities as follow:

- Supported “Bright Smiles & Happy Hearts” project by Operation Smile Thailand to give free surgery to those who suffering from cleft lips and/or cleft palates. TISCO Group also provided trainings to this project.
- Supported the construction of Thammasat University Hospital to provide medical and public health knowledge to the public and also to serve as a clinical training site for medical students from the Faculty of Medicine, Thammasat University.
- Supported medical equipment for Bhumisirimangkhlanusorn Building for the celebration of 100 years of Chulalongkorn Hospital, Thai Red Cross Foundation.

**Promoting Self-Sustainability in the Community Project:** In 2014, TISCO continuously supported “The Kranuon Community, Konkean Province – Sedge Weaving” project. TISCO Group and Faculty of Decorative Arts, jointly, held the research and creative art exhibition to present the invented products and art pieces to honored guests and to the public.

Modern sedge weaving and dyeing techniques were displayed at the exhibition and more than 100 innovative and creative products and artworks designed by professors and students from Faculty of Decorative Arts were also presented, promising the good start for the future business innovation for the Kranuon community. One of the most remarkable art pieces, created by Professor Patana Chareonsook, was now displayed at TISCO Tower as one of TISCO Art Collection. In addition, the sedge handbag, most highly voted by visitors, was later produced as TISCO Group’s souvenir.

Department of International Trade Promotion, Ministry of Commerce, Product Development and Innovative Crafts Department, The SUPPORT Art and Crafts International Centre of Thailand, Thai Lifestyle Products Federation, SMEs business owners, designers and TISCO clients were among visitors at the exhibition, which was a good start to connect all stakeholders for any future opportunity.

However, since sedge weaving was only a part-time activity for the Kranuon people who were rice farmers and the sedge was not yet commercial farming, the supply of the sedge weaving products from the Kranuon Community was still low.

**Art, Religious and Cultural Support:** TISCO Group continuously supported Art, Religious and Cultural projects and activities

Thai Contemporary Art Support: TISCO Group has been a pioneer and continuous supporter of Thai contemporary art since 1970. The company realizes that a vibrant cultural life is important for sustaining national pride and identity. To help promote and preserve Thai culture, Thai contemporary and modern arts, TISCO Group consistently support a number of initiatives and collected more than 400 Thai contemporary and modern art works. TISCO Art Collection has been recognized as one of the best in the country boasting great diversity that unfolds the maturity and long history of nation's contemporary art. The collection covers many early works of prominent artists at present which are rare to find nowadays. It is also considered a reflection of the journey of Thai contemporary art in four decades.

Additionally, TISCO Group has established a website: [www.tiscoart.com](http://www.tiscoart.com) to function as online electronic art gallery to display contemporary Thai art works to the public.

Religious Support: TISCO Group continues to support important religious traditions. In 2014, TISCO Group hosted the Kathin ceremony of presenting yellow robes to the Buddhist monks at the end of the Buddhist Lent at 5 temples nationwide which were: Wat Nong Ngu Luam in Chonburi Province, Wat Pra-ngam in Trang Province, Wat Song Sakul in Ayutthaya, Wat Pa Ban Tard in Udon Thani and Wat Photiyarn in Phissanulok

### 3.3 Corporate Governance

TISCO Group has set up Corporate Governance Code of Conduct to provide guiding principles of good corporate governance in order to ensure that the company complies with all relevant laws and regulations and carries out duties with maximum accountability, transparency and equitable treatment to all stakeholders.

In 2014, TISCO received "**NACC Integrity Awards**" from the office of the National Anti-Corruption Commission (NACC). This year, NACC invited public and private sectors and the public in the selection process. TISCO Group was among those few who received this prestigious award from 96 nominated companies and organizations. Furthermore, TISCO Group received the **Certificate of Membership by Collective Action Coalition against Corruption** (Certified Level). Moreover, TISCO Group also joined "**Anti-corruption Walk Rally**" at the Anti-corruption Day 2014: HAND in HAND activity held by Anti-corruption Organization of Thailand. TISCO Group also displayed a showcase of the group's anti-corruption policy and CSR roadmap in an event hosted by the Electricity Generating Authority of Thailand (EGAT). Moreover, TISCO Group also supported CSR activities by Thai Institute of Directors to promote anti-corruption movement in Thai society.

#### Summary of Corporate Social Responsibility Donations and Supports in 2014

Objective	2010	2011	2012	2013	2014
<b>1. Educational Support</b>					
1.1 School Reconstruction	-	-	-	1,950,581	4,841,605
1.2 Teaching Enhancement	-	-	312,505	767,310	939,805
1.3 Educational Scholarship	20,275,000	19,968,000	27,059,065	26,993,000	29,120,500*
<b>2. Financial Literacy</b>					
2.1 Youth Financial Camps					
- Highschool Students	-	-	384,811	3,786,995	3,689,298
- Undergraduate Students	-	-	-	-	4,901,638
2.2 Communities & Public	-	-	-	-	753,475
<b>3. ESG Activity</b>					
3.1 Environment	1,985,000	603,087	1,160,437	329,803	453,422
3.2 Social	10,692,611	16,021,604	11,676,369	6,255,816	1,933,738
3.3 Governance	-	-	-	389,309	600,408
<b>TOTAL</b>	<b>32,952,611</b>	<b>36,592,691</b>	<b>40,593,187</b>	<b>40,472,814</b>	<b>47,233,889</b>

#### Remarks

\* TISCO Group donated 10.1 million baht through TISCO Foundation for Charity and 1.08 million baht through Sem Pringouangkao Foundation

#### *The Committee's Planning and Implementation for Corporate Social Responsibility*

The key factor that makes TISCO Group enable to put its planning into implementation is the organizational culture that supports increased cooperation. Each project has its own in-charge person and working group to plan and implement the project, continue follow-up progress and communicate efficiently and continuously for increased cooperation.

TISCO Group's CEO and three top executives are TISCO Foundation's Board of Directors, together with other six expertise, who will formulate the Foundation's strategies for maximizing the usefulness of the Foundation's annual budget. In addition, board of committee, serving a 2-year term were selected from 20 people of TISCO voluntary staff and 300 of TISCO employees volunteered to assist the Foundation's staff as a working group such as in organizing scholarship presentation ceremonies, scholarship follow-up and implementing other fund-raising activities.

For other social activities and charitable events, the Foundation's Board of Directors also advises and approves the budget and then implemented by the project's working group.

#### *Performance Report to the Foundation's Board of Directors for Evaluation and Consideration*

Most of social activities are long-term projects and are implemented through TISCO Foundation by the Foundation's Board of Directors and working group. TISCO Group's Board of Directors is regularly reported the Foundation's activities and other social activities in the Board meeting annually.

In addition, TISCO Group provided a Corporate Social Responsibility Special Report on annual basis, as one of communication tools of TISCO's social responsibility ideas and activities to our stakeholders and the public.

### **10.5 Anti-Corruption Guideline**

TISCO Group emphasizes on Corporate Governance policy and has followed this path with high standard for more than 45 years. In 2011, TISCO Group has launched the additional plan in the company's "Anti-Corruption Policy" to guide the group of companies to practice with honesty, efficiency and effectiveness and ready to support Private Sector's Anti-Corruption activities every year.

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

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

1. Place "Integrity" as the company's core values. All of TISCO Group's employee conduct themselves with honesty and follow the code of ethics of the highest standards
2. Evaluate the company's annual Corruption Risk Evaluation during the company's annual Risk Assessment Evaluation
3. Adjust the level of the company's Anti-Corruption policy to 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 and add "Anti-Corruption Policy" into Competency KPI report. In 2014, there are around 400 new staff pass the Anti-Corruption training programs and 100% of employees pass Competency KPI.
5. Provide appropriate channels of communication to the employee and other stakeholders to report suspicious circumstances in confidence without risk of reprisal, and a designed officer will be tasked with investigating all report received.
6. TISCO Group's top executives take part in promoting Anti-Corruption activities with other organizations. For example. "Anti-corruption Walk Rally" at the Anti-corruption Day 2014: HAND in HAND activity held by Anti-corruption Organization of Thailand.

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

In 2014, TISCO Group received 2 awards, representing the company's integrity and successful anti-corruption policy which were:

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

## 10.6 Honors & Awards in 2014

Awards are recognition of professional success, a reflection of TISCO Group's achievements, and proof of the quality of service and standardized operational policies that TISCO provides. In 2014, the awards received include:

### **NACC Integrity Awards 2013**

TISCO Financial Group received NACC Integrity Awards for the year 2013 by the office of the National Anti-Corruption Commission. The National Anti-Corruption Commission (NACC) organized the Integrity Award to honor and support those with ethics and integrity and transparency. The ceremony was held in December 2014.

### **Top Corporate Governance Report Awards 2014**

TISCO Financial Group received SET Award of Honor in Top Corporate Governance Report Awards category 2014 from the SET Awards 2014, organized by the Stock Exchange of Thailand and Money and Banking Magazine. The Award was presented to listed companies with outstanding corporate governance reports for more than 4 consecutive years considering information disclosed in the Annual Report, Annual Registration Statement (Form 56-1), AGM Notice to shareholders and AGM minutes.

### **Outstanding Securities Company Awards 2014 - Retail Investors**

TISCO Securities received Outstanding Securities Company Awards 2014 - Retail Investors from the SET Awards 2014, organized by the Stock Exchange of Thailand and Money and Banking Magazine. The Award was presented to listed companies that have excellent performance. There were two areas of consideration: the outstanding ability and good service to operate as a broker and performance of securities analysis and qualified portfolio that has covered a wide range of securities based on quantitative and qualitative data on the key areas. The survey of clients and good practiced policy and guidelines by its staff are the areas of consideration.

### **Outstanding Securities Company Awards 2014 – Institutional Investors**

TISCO Securities received Outstanding Securities Company Awards 2014 – Institutional Investors from the SET Awards 2014, organized by the Stock Exchange of Thailand and Money and Banking Magazine. The Award was presented to listed companies that have excellent performance. There were two areas of consideration: the outstanding ability and good service to operate as a broker and performance of securities analysis and qualified portfolio that has covered a wide range of securities based on quantitative and qualitative data on the key areas. The survey of clients and good practiced policy and guidelines by its staff are the areas of consideration.

## 11. Internal Control and Risk Management

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

### Oversight of Internal Control System and Risk Management

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

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

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

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

#### 1) *Control Environment*

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

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

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

2) *Risk Assessment*

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

3) *Control Activities*

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

4) *Information and Communication*

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

5) *Monitoring Activities*

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

### 11.1 Board of Directors' Report on Internal Control System

At the Board of Directors' Meeting No. 1/2015 on February 16, 2015 where the 7 members of independent directors and 3 members of Audit Committee were present, the Board considered the Company's internal control assessment form as prepared by the managements and reviewed by the Audit Committee. According to the assessment form, the evaluation was made to cover five

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

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

Audit Committee has agreed with Board of Directors' report on Internal Control System and had no comments on the internal control system. The details are provided in Attachment 5 Report of Audit Committee. Moreover, in year 2014, 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. Qualification of the current Head of Internal Audit is provided in the Attachment 4.

#### (2) Head of Compliance

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



## **12. Related Party Transactions**

In 2014, the Company had related party transactions only with its subsidiary companies. These transactions were the supporting transaction for normal business operation of TISCO Group, according to the consolidated supervision principle by the Bank of Thailand. The transactions did not incur any conflict of interests, and disclosed in the notes to financial statement item 3.34.

### **12.1 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.

### **12.2 Future related transaction policy**

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

**Part 3****13. Key Financial Information****13.1 Financial Statements****Summary of Auditor's Report***The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2014 and 2013*

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

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

*The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2013 and 2012*

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, 2013 and 2012 was Ms. Ratana Jala, Certified Public Accountant (Thailand) No. 3734, of EY Office Limited. The conclusion of his report can be summarized as follows:

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

	As of		
	December 31, 2014	December 31, 2013	December 31, 2012
		(Revised)	(Revised)
			Unit: Thousand Baht
<b>Assets</b>			
Cash	1,180,482	1,130,971	1,046,297
Interbank and money market items - net	38,057,993	53,214,350	31,177,538
Derivatives assets	-	28,220	41,863
Investments - net	14,795,457	11,489,593	7,015,515
Investments in subsidiaries and joint venture - net	207,228	157,283	124,580
Loans to customers and accrued interest receivables			
Loans to customers	286,017,305	314,332,796	268,268,767
Accrued interest receivables	572,383	535,851	352,769
Total loans to customers and accrued interest receivables	286,589,688	314,868,647	268,621,536
Less: Deferred revenue	(23,233,476)	(27,918,134)	(24,461,207)
Less: Allowance for doubtful accounts	(6,950,423)	(6,331,224)	(5,098,907)
Less: Allowance for loss on debt restructuring	-	-	(3)
Loans to customers and accrued interest receivables - net	256,405,789	280,619,289	239,061,419
Property foreclosed - net	120,905	124,757	271,133
Investment properties	17,267	16,856	304
Premises and equipment - net	2,483,759	2,456,855	1,321,404
Intangible assets - net	324,927	111,964	126,709
Deferred tax assets	296,074	245,383	306,126
Securities and derivative business receivable - net	1,819,258	1,546,662	2,223,792
Other assets	1,964,366	2,264,128	3,215,305
<b>Total assets</b>	<b>317,673,505</b>	<b>353,406,311</b>	<b>285,931,985</b>

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As of

Unit: Thousand Baht

	December 31, 2014	December 31, 2013	December 31, 2012
		(Revised)	(Revised)
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Deposits	205,383,788	264,642,177	219,824,303
Interbank and money market items - net	10,897,493	12,182,921	9,673,297
Liability payable on demand	399,916	344,864	652,310
Payable under securities borrowing	-	-	163
Derivatives liabilities	40,729	310,945	-
Debts issued and borrowings	65,406,219	43,083,619	27,877,250
Provision for long-term employee benefits	403,572	332,602	321,743
Deferred tax liabilities	30,155	144,962	116,315
Securities and derivative business payables	1,250,067	1,511,017	1,523,645
Accrued interest payable	1,129,253	1,688,431	1,758,073
Income tax payable	566,574	457,100	428,307
Other liabilities	6,342,046	5,653,318	5,505,994
<b>Total liabilities</b>	291,849,812	330,351,956	267,681,400
<b>Shareholders' equity</b>			
Share capital			
Registered			
33,858 preference shares of Baht 10 each (31 December 2012: 372,287,914 shares of Baht 10 each)	339	339	3,722,879
800,669,437 ordinary shares of Baht 10 each (31 December 2012: 727,912,086 shares of Baht 10 each)	8,006,694	8,006,694	7,279,121
	8,007,033	8,007,033	11,002,000
Issued and paid-up			
33,558 preference shares of Baht 10 each (31 December 2013: 33,858 shares of Baht 10 each)	336	339	339
800,621,925 ordinary shares of Baht 10 each (31 December 2013: 800,621,625 shares of Baht 10 each)	8,006,219	8,006,216	7,278,782
(31 December 2012: 727,878,228 shares of Baht 10 each)	8,006,555	8,006,555	7,279,121
Share premium			
Share premium of preference shares	-	-	-
Share premium of ordinary shares	1,018,408	1,018,408	-
	1,018,408	1,018,408	-
Other components of shareholders' equity	1,680,354	1,570,190	1,040,375
Retained earnings			
Appropriated-statutory reserve	596,300	496,200	405,200
Unappropriated	14,429,068	11,895,567	9,471,665
Equity attributable to owners of the Company	25,730,685	22,986,920	18,196,361
Non-controlling interest of the subsidiaries	93,008	67,435	54,224
<b>Total shareholders' equity</b>	25,823,693	23,054,355	18,250,585
<b>Total liabilities and shareholders' equity</b>	317,673,505	353,406,311	285,931,985

**TISCO Financial Group Public Company Limited and its subsidiaries**
**Statement of comprehensive income**
**For the years ended**

Unit: Thousand Baht

	2014	2013 (Restated)	2012 (Revised/ Unaudited)
Interest income	18,890,867	18,960,910	14,981,079
Interest expenses	(9,351,077)	(10,144,033)	(8,041,512)
<b>Net interest income</b>	9,539,790	8,816,877	6,939,567
Fees and service income	5,187,250	5,416,910	4,407,551
Fees and service expenses	(211,639)	(225,837)	(278,884)
<b>Net fees and service income</b>	4,975,611	5,191,073	4,128,667
Net gains (losses) on tradings and foreign exchange transactions	27,612	74,647	167,256
Net gains (losses) on investments	263,716	353,774	120,532
Share of profit from investments accounted for under equity method	52,129	45,689	24,195
Dividend income	96,930	99,090	82,802
Penalty fee income from loans	344,030	283,731	249,216
Income from business promotion relating to the hire purchase business	268,333	736,858	1,259,511
Other operating income	55,638	53,298	93,635
<b>Total operating income</b>	15,623,789	15,655,037	13,065,381
Expense from business promotion relating to the hire purchase business	274,765	900,370	1,422,668
<b>Total net operating income</b>	15,349,024	14,754,667	11,642,713
<b>Operating expenses</b>			
Employee's expenses	3,550,195	3,419,752	3,195,458
Directors' remuneration	13,240	13,095	13,345
Premises and equipment expenses	919,076	883,767	818,085
Taxes and duties	224,003	216,170	174,655
Other operating expenses	898,432	732,381	763,606
<b>Total operating expenses</b>	5,604,946	5,265,165	4,965,149
Bad debt, doubtful accounts and impairment losses	4,426,460	4,140,603	1,909,151
<b>Profit from operating before tax expenses</b>	5,317,618	5,348,899	4,768,413
Income tax expenses	1,043,443	1,040,706	1,060,588
<b>Profit for the year</b>	4,274,175	4,308,193	3,707,825

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the years ended**

Unit: Thousand Baht

	2014	2013 (Restated)	2012 (Revised/ Unaudited)
<b>Other comprehensive income</b>			
Losses arising from translating the financial statements			
of a foreign operation	-	(81,795)	(1,467)
Gains (losses) on valuation in available-for-sale investments	184,533	(397,546)	174,090
Actuarial gains (losses)	(28,716)	12,984	(62,721)
Gains (losses) on revaluation of assets	(27,000)	1,176,123	-
Cash flow hedges	-	-	(128,277)
Share of other comprehensive income of joint venture:			
Actuarial gains (losses) of joint venture	(443)	55	463
Cash flow hedges of joint venture	(2,117)	(11,067)	7,694
Income tax effect	(29,399)	(158,508)	1,770
<b>Other comprehensive income for the year</b>	<b>96,858</b>	<b>540,246</b>	<b>(8,448)</b>
<b>Total comprehensive income for the year</b>	<b>4,371,033</b>	<b>4,848,439</b>	<b>3,699,377</b>
<b>Profit attribute to</b>			
Equity holders of the Company	4,249,515	4,249,050	3,705,180
Non-controlling interests of the subsidiaries	24,660	59,143	2,645
	<b>4,274,175</b>	<b>4,308,193</b>	<b>3,707,825</b>
<b>Total comprehensive income attributable to</b>			
Equity holders of the Company	4,345,059	4,790,562	3,696,488
Non-controlling interests of the subsidiaries	25,974	57,877	2,889
	<b>4,371,033</b>	<b>4,848,439</b>	<b>3,699,377</b>
<b>Earnings per share of equity holders of the Company</b>			
Basic earnings per share	5.31	5.55	5.09

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the years ended**

Unit: Thousand Baht

	2014	2013 (Revised)	2012 (Revised/ Unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax	5,317,618	5,348,899	4,768,413
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	230,494	274,984	305,572
Bad debts and doubtful accounts	5,642,990	5,011,222	2,736,629
Share of profit from investments accounted for under equity method	(52,129)	(45,689)	(24,195)
Reversal of allowance for impairment of investments	(13,058)	(4,987)	(66,896)
Reversal of allowance for impairment of property foreclosed	(67)	(17)	(315)
Gain on disposal of investments in securities	(262,848)	(351,862)	(50,892)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	17,467	(51,436)	(24,420)
Gain on disposal of equipment	(6,140)	(5,443)	(5,964)
Loss on written-off of equipment	1,759	-	870
Loss on written-off intangible assets	5,282	-	-
Gain on changes in value of investment properties	(412)	(16,850)	-
Unrealised loss from trading securities	-	-	21,688
Gain on disposal of property foreclosed	(22,841)	(5,789)	(54,938)
Gain on cash flow hedge	-	-	(100,761)
Employee benefit expenses	65,002	47,651	62,307
Decrease (increase) in accrued income	(22,658)	66,325	(95,410)
Increase in accrued expenses	167,932	348,623	647,418
Net interest income	(9,539,790)	(8,816,877)	(6,939,566)
Dividend income	(96,930)	(99,090)	(82,856)
Cash received on interest income	18,639,189	18,546,588	14,757,606
Cash paid on interest expenses	(8,626,107)	(8,976,177)	(7,672,915)
Cash received on dividend income	100,930	97,295	82,856
Cash paid on income tax expenses	(1,129,610)	(739,873)	(652,551)
Profit from operating activities before changes in operating assets and liabilities	10,416,073	10,627,497	7,611,680
Operating assets (increase) decrease	-	-	-
Interbank and money market items	15,151,442	(22,032,922)	(627,968)
Loans to customers	15,236,649	(48,818,894)	(65,927,644)
Securities and derivative business receivables	(272,596)	677,130	(1,499,141)
Receivables from clearing house	(20,527)	(135,450)	-
Property foreclosed	3,138,099	2,899,962	1,810,095
Other assets	337,517	721,070	(1,166,670)

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

For the years ended

Unit: Thousand Baht

	2014	2013 (Revised)	2012 (Revised/ Unaudited)
Operating liabilities increase (decrease)			
Deposits	(59,258,389)	44,817,874	181,844,344
Interbank and money market items	(1,285,429)	2,509,624	(1,777,510)
Liability payable on demand	55,052	(307,446)	204,261
Securities and derivative business payables	(260,950)	(12,628)	1,054,105
Short-term debts issued and borrowings	23,922,600	15,317,069	(114,123,148)
Payable to clearing house	554,382	(553,494)	567,939
Provision for long-term employee benefits	(22,749)	(23,807)	-
Other liabilities	(1,100,336)	(736,404)	416,625
<b>Net cash flows from operating activities</b>	<b>6,590,838</b>	<b>4,949,181</b>	<b>8,386,968</b>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of investment in securities held for investment	(28,880,497)	(16,643,600)	(5,883,645)
Cash received from disposal of investment in securities held for investment	26,038,728	12,186,959	2,831,237
Cash paid for purchase of equipment	(230,236)	(180,334)	(119,074)
Cash paid for purchase of intangible assets	(274,208)	(49,012)	(22,325)
Cash received from disposal of equipment	6,180	13,978	8,959
Cash paid for share capital increase of subsidiaries	-	-	49,000
<b>Net cash flows used in investing activities</b>	<b>(3,340,033)</b>	<b>(4,672,009)</b>	<b>(3,135,848)</b>
<b>Cash flows from financing activities</b>			
Borrowings	-	-	-
Cash received from issuance of long-term debentures	2,400,000	1,243,000	1,243,000
Cash paid for the redemption of long-term debentures	(4,000,000)	(1,353,700)	(1,000,000)
Dividend paid	(1,601,294)	(1,745,845)	(1,710,573)
Cash received from increase in share capital	-	1,745,842	-
<b>Net cash flows used in financing activities</b>	<b>(3,201,294)</b>	<b>(110,703)</b>	<b>(5,106,773)</b>
<b>Exchange differences on translation of financial statements</b>	<b>-</b>	<b>(81,795)</b>	<b>(1,467)</b>
<b>Net increase in cash</b>	<b>49,511</b>	<b>84,674</b>	<b>142,880</b>
Cash at beginning of the year	1,130,971	1,046,297	903,417
<b>Cash at end of the year</b>	<b>1,180,482</b>	<b>1,130,971</b>	<b>1,046,297</b>
<b>Supplemental cash flows information</b>			
Non-Cash transaction			
Revaluation adjustment of assets	-	1,176,123	-



### 13.2 Important Financial Ratios

		2014	2013	2012
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	60.4	57.6	57.3
Net Profit Margin	(%)	21.3	22.1	26.5
Return on Average Shareholders' Equity	(%)	17.4	20.6	21.4
Interest Income Ratio	(%)	5.6	6.0	6.0
Interest Expense Ratio	(%)	3.1	3.5	3.1
Interest Spread	(%)	2.5	2.5	2.8
Return on Investment	(%)	5.3	7.0	8.6
<b>Efficiency Ratio</b>				
Net Interest Income to Total Assets	(%)	2.8	2.8	2.7
Return on Average Assets	(%)	1.3	1.3	1.5
Total Asset Turnover	(times)	0.1	0.1	0.1
<b>Financial Ratio</b>				
Debt to Equity Ratio	(times)	11.3	14.3	14.7
Total Loans to Total Borrowing and Deposits	(%)	96.9	93.0	98.2
Total Loans to Public Borrowing	(%)	127.9	108.2	110.9
Public Borrowing to Total Liabilities	(%)	70.4	80.1	82.1
Dividend Payout Ratio	(%)	N/A	37.2	47.1
<b>Asset Quality Ratio</b>				
Allowance for Doubtful Account to Total Loans and accrued interest receivable	(%)	2.6	2.2	2.1
Bad Debt and Doubtful Account to Total Loans and accrued interest receivable	(%)	1.9	1.3	0.8
Non-accrued loans <sup>1</sup> to Total Loans	(%)	2.8	1.9	1.4
Loan loss provision to Non-performing loans	(%)	103.0	127.5	164.5
Accrued Interest Receivable to Total Loans	(%)	0.2	0.2	0.1
<b>Other Ratios</b>				
Capital Funds to Risk Weighted Asset (BIS)	(%)	16.80	13.37	12.79
Net Capital Rule (TISCO Securities)	(%)	54.73	58.70	52.40

<sup>1</sup>according 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 2014, in which TISCO Financial Group Public Company Limited is the parent company, with those of the year 2013**

### Movement of Money Market and Capital Market

In 2014, domestic economy growth is expected around 0.7% (YoY), decelerated from economic growth of 2.9% (YoY) in 2013. The economy slowdown was led by continually subdued private consumption and investment for the previous year which was pressured by high level of household debt combined with the adverse impact of political instability at the beginning of the year. Additionally, the delay in government expenditure disbursement also limited fiscal stimulus impact during the year. Meanwhile, the export sector remained weak following the fragile recovery of global economy.

On financial market, the Bank of Thailand revised down the policy rate (Repo-1 day) 1 time from 2.25% to 2.00% in March to accommodate economic recovery. Furthermore, average 3-month fixed deposit rates of Top 4 commercial banks decreased from 1.76% to 1.30% at the end of 2014, while the average minimum lending rate of Top 4 commercial banks decreased from 6.84% to 6.75% at the end of 2014.

After easing political climate, the capital market has improved, driven by improving market sentiment in spite of the internal and external headwinds have put some pressure throughout the year. As the result, the SET index closed at 1,497.67 points, rose from 1,298.71 points at the end of 2013. The average daily market trading volume decreased from 48,267 million baht in 2013 to 41,605 million baht

### Major Events

For the consolidated financial statement for the year ended December 31, 2014, TISCO Financial Group Company Plc. ("The Company") has early adopted International Financial Reporting Standard 10 (IFRS10) - the Consolidated Financial Statement (prior to the effective date on January 1, 2015). Accordingly to the IFRS10, the Company was assessment the control over the subsidiary companies for the year ended December 31, 2014. As a result, the financial statement of TISCO Tokyo Leasing Co., Ltd. is reported as an investment in associated company in accordance with equity method for faithfully represent of financial information in the future. In effective, the consolidated statement of financial position and consolidated statement of comprehensive income on this period as of December 31, 2014 has adopted the new reporting standard. Meanwhile the financial statements as of December 31, 2013 are restated in accordance with new accounting standard for comparable propose.

According to capital management plan of TISCO Group, TISCO Bank, the core company of TISCO Group, 99.99% held by the TISCO Financial Group Company Plc., issued and offered the capital increase share (Right Offering) to the existing shareholders at the offering ratio of 8 existing shares for 1 unit of newly issued share at the price of 23.89 baht per share which accounted for new capital of 1,023.96 million baht. As a result, the paid-up capital increased to 9,215,676,920 baht comprised of 921,567,692 common shares and 104 preferred shares, both with par value of 10 baht per share.

### 14.1 Operating Performance for the year 2014

TISCO Financial Group Public Company Limited ("The Company") had net profit from operations on a standalone basis totaling 2,000.73 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 two main businesses comprise of commercial banking business and securities business. In addition, the MD&A is provided in accordance with new accounting standard (IFRS10 - the Consolidated Financial Statement)

In 2014, the net profit attributed to owners of the Company for the year 2014 was 4,249.51 million baht, increased by 0.47 million baht (0.01% YoY). Net interest income increased by 8.2% (YoY) driven by a continual decrease in funding cost since the beginning of this year. Meanwhile, the non-interest income from core business<sup>1</sup> slightly declined by 0.2% (YoY) mainly from subdued lending business and decreasing in banking fee by the same level. In addition, brokerage fee dropped by 14.5% (YoY) contributed by decreasing market trading volume, while asset management fee improved by 10.7% (YoY) from improvement in

<sup>1</sup> Non-interest income from core business was net of promotion expenses relating to the hire purchase business.

capital market and issuance of mutual funds corresponding to market demand. Basic earnings per share for the year 2014 were 5.31 baht per share, compared with 5.55 baht per share (YoY). Meanwhile, the return on average equity (ROAE) was at 17.4%, compared with 20.6% in previous year.

In the fourth quarter of 2014, the net profit attributed to owners of the Company totaled 1,234.07 million baht, increased by 145.11 million baht (13.3% QoQ), mainly due to the decrease in provision expense by 21.5% (QoQ). Moreover, the non-interest income from core business declined by 2.7% (QoQ) mainly driven by the decrease in asset management fee of 4.7% (QoQ) following the slowdown in mutual fund issuance during the end of the year. However, banking fee and brokerage fee improved at the same level of 2.1% (QoQ). Basic earnings per share for the fourth quarter of 2014 were 1.54 baht per share, compared to 1.36 baht per share in previous quarter.

### (1) Consolidated Revenue Structure

The Company and its subsidiaries' consolidated revenue structure in 2013 and 2014 are illustrated in Table 1.

**Table 1: Consolidated Revenue Structure**

Type of Revenue	2013		2014		Change % YoY
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Interest income					
Interest on loans	5,896.03	40.0	6,157.31	40.1	4.4
Interest on interbank and money market items	996.40	6.8	674.76	4.4	(32.3)
Hire purchase and financial lease income	11,851.74	80.3	11,654.05	75.9	(1.7)
Investments	216.75	1.5	404.75	2.6	86.7
<b>Total interest income</b>	<b>18,960.91</b>	<b>128.5</b>	<b>18,890.87</b>	<b>123.1</b>	<b>(0.4)</b>
Interest expenses	(10,144.03)	(68.8)	(9,351.08)	(60.9)	(7.8)
<b>Net interest income</b>	<b>8,816.88</b>	<b>59.8</b>	<b>9,539.79</b>	<b>62.2</b>	<b>8.2</b>
Fee income					
Fee income	5,416.91	36.7	5,187.25	33.8	(4.2)
Fee expenses	(225.84)	(1.5)	(211.64)	(1.4)	(6.3)
<b>Net fee income</b>	<b>5,191.07</b>	<b>35.2</b>	<b>4,975.61</b>	<b>32.4</b>	<b>(4.2)</b>
Gain on investment and foreign exchange transaction	428.42	2.9	291.33	1.9	(32.0)
Share of profit from invest in subsidiaries	45.69	0.3	52.13	0.3	14.1
Other operating income	1,172.98	7.9	764.93	5.0	(34.8)
<b>Total operating income</b>	<b>15,655.04</b>	<b>106.1</b>	<b>15,623.79</b>	<b>101.8</b>	<b>(0.2)</b>
Expenses to business promotion relating to the business	(900.37)	(6.1)	(274.76)	(1.8)	
<b>Total net operating income</b>	<b>14,754.67</b>	<b>100.0</b>	<b>15,349.02</b>	<b>100.0</b>	<b>4.0</b>
Other operating expenses	(5,265.16)		(5,604.95)		
Bad debt and doubtful account and impairment loss of debt securities	(4,140.60)		(4,426.46)		
<b>Profit before income tax and minority interest</b>	<b>5,348.90</b>		<b>5,317.62</b>		<b>(0.6)</b>
Corporate income tax expenses	(1,040.71)		(1,043.44)		
<b>Profit before minority interest</b>	<b>4,308.19</b>		<b>4,274.17</b>		<b>(0.8)</b>
Non-controlling interests of the subsidiaries	(59.14)		(24.66)		
<b>Net profit</b>	<b>4,249.05</b>		<b>4,249.51</b>		<b>0.0</b>

### (2) Net Interest Income

Net interest income in 2014 was 9,539.79 million baht, increased by 722.91 million baht (8.2% YoY). Total interest income was 18,890.87 million baht, decreased by 70.04 million baht (0.4% YoY) while interest expense declined by 792.96 million baht (7.8% YoY) to 9,351.08 million baht, driven by a decrease in funding cost in line with declining policy rate from the Bank of Thailand since the beginning of 2014, together with effective cost management. Yield on loan decreased from 6.6% to 6.5% (YoY) while cost of fund also declined from 3.5% to 3.2% (YoY) supported by lower funding cost. The Company reported net interest income after impairment loss of loans and debt securities totaled 5,113.33 million baht, increased by 437.06 million baht (9.3% YoY). Impairment loss of loans and debt securities totaled 4,426.46 million baht, rose from 4,140.60 million baht in the previous year, owing to the loss from the sale of repossessed cars in the used car market.

**Table 2: Interest spread year 2013 - 2014**

	2013	2014
Yield on Loans	6.6	6.5
Cost of fund	3.5	3.2
<b>Loan spread</b>	<b>3.1</b>	<b>3.3</b>

**(3) Non-interest Income**

Non-interest income of The Company's core businesses was 5,677.42 million baht, decreased by 12.10 million baht (0.2% YoY) with banking fee decreased by 8.85 million baht (0.2% YoY) following the contraction in lending business. Brokerage fee dropped by 154.35 million baht (14.5% YoY) following the slowdown in market trading volume while basic fee income from asset management business improved by 90.44 million baht (10.7% YoY) led by asset under management expansion, as well as the continual issuance of mutual funds corresponding with market demand.

**(4) Operating Expenses**

Operating expenses were 5,604.95 million baht, increased by 339.78 million baht (6.5% YoY) due partly to higher loan-related collection expenses as well as cost associated with larger business operation. TISCO still maintained the effective operating cost control, reporting the relatively low cost to income ratio at 36.5%, slightly increased from 35.7% (YoY).

**(5) Corporate Income Tax**

In 2014, the corporate income tax was 1,043.44 million baht, equivalent to the effective tax rate of 19.6%, remaining at the same level with the previous year.

**14.2 Financial Position**

As of December 31 2014, the Company has early adopted International Financial Reporting Standard 10 (IFRS10) - the Consolidated Financial Statement (prior to the effective date on January 1, 2015). As a result, the financial statement of TISCO Tokyo Leasing Co., Ltd. is excluded from the Consolidated Financial Statement reporting, and reported as an investment in associated company.

**(1) Assets**

As of December 31, 2014, The Company's total assets were 317,673.50 million baht, decreased by 10.1% (YoY) due primarily to the contraction in loan portfolio from 286,414.66 million baht to 262,783.83 million baht (8.3% YoY) mainly from the decrease in retail loan portfolio. In addition, the interbank and money market items declined from 53,214.35 million baht to 38,057.99 million baht (28.5% YoY) following funding base adjustment to align with the slowdown in loan portfolio.

Nevertheless, under the previous Financial Statement Presentation Standard, which included TISCO Tokyo Leasing Co., Ltd. in consolidated financial statements, the total assets as of December 31, 2014 were 325,261.16 million baht, decreased by 9.5% (YoY) while the total loans were 270,392.54 million baht, declined by 7.4% (YoY)

**Table 3: Assets Breakdown as of December 31, 2013 and 2014**

Assets	December 31, 2013		December 31, 2014		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,130.97	0.3	1,180.48	0.4	4.4
Interbank and Money Market Items	53,214.35	15.1	38,057.99	12.0	(28.5)
Derivative Asset	28.22	0.0	0.00	0.0	(100.0)
Investment in Fixed income	9,840.22	2.8	13,119.50	4.1	33.3
Investment in Equity	1,649.38	0.5	1,675.95	0.5	1.6
Investment in Subsidiaries	157.28	0.0	207.23	0.1	31.8
Corporate Loans	51,121.63	14.5	53,083.22	16.7	3.8
Retail Loans	198,415.24	56.1	181,494.16	57.1	(8.5)
Commercial Loans	32,034.44	9.1	23,389.51	7.4	(27.0)
Other Loans	4,843.35	1.4	4,816.94	1.5	(0.5)
Allowance for doubtful accounts and for loss on debt restructuring	(6,331.22)	(1.8)	(6,950.42)	(2.2)	9.8
Other Assets	7,302.46	2.1	7,598.94	2.4	4.1
<b>Total – The Company</b>	<b>353,406.31</b>	<b>100.0</b>	<b>317,673.50</b>	<b>100.0</b>	<b>(10.1)</b>

**(a) Investments**

As of December 31, 2014, the investment was 14,795.45 million baht increased by 3,305.86 million baht (28.8% YoY) due to an increase in fixed income investment.

**(b) Loans and Receivables Breakdown**

Total consolidated loans and receivables as of December 31, 2014 were 262,783.83 million baht, decrease by 23,630.83 million baht (8.3% YoY), following the domestic economic slowdown as well as subdued automotive industry throughout 2014. The composition of loan portfolio was 69.1% of retail loans, 20.2% of corporate loans, 8.9% of commercial loans and 1.8% of other loans.

**Table 4: Loans and Receivables Breakdown as of December 31, 2013 and 2014**

Type of Business	December 31, 2013		December 31, 2014		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and commerce	17,739.39	6.2	18,862.96	7.2	6.3
Real estate and construction	11,417.61	4.0	12,160.59	4.6	6.5
Public utilities and services	21,554.03	7.5	21,802.94	8.3	1.2
Agriculture and mining	410.61	0.1	256.73	0.1	(37.5)
<b>Corporate Loans</b>	<b>51,121.63</b>	<b>17.8</b>	<b>53,083.22</b>	<b>20.2</b>	<b>3.8</b>
<b>Commercial Loans</b>	<b>32,034.44</b>	<b>11.2</b>	<b>23,389.51</b>	<b>8.9</b>	<b>(27.0)</b>
Hire purchase	182,562.55	63.7	165,095.00	62.8	(9.6)
Mortgage	1,428.19	0.5	1,310.82	0.5	(8.2)
Consumer	14,424.50	5.0	15,088.34	5.7	4.6
<b>Retail Loans</b>	<b>198,415.24</b>	<b>69.3</b>	<b>181,494.16</b>	<b>69.1</b>	<b>(8.5)</b>
Others	4,843.35	1.7	4,816.94	1.8	(0.5)
<b>Total – The Company</b>	<b>286,414.66</b>	<b>100.0</b>	<b>262,783.83</b>	<b>100.0</b>	<b>(8.3)</b>

**(c) Non-performing Loans**

As of December 31, 2014, the NPL ratio increased from 1.73% to 2.57% (YoY), driven by the increasing NPL amount of hire purchase business from depressed used car market price and sluggish loan growth during the year. Nevertheless, NPL amount has been stabilized during the latter half of the year after the impact from the used car market on NPL started to subside. Thus, NPL ratio of retail loan, corporate loan, and commercial loan were 3.32%, 0.49%, and 1.02% respectively. Total NPLs reported at 6,750.20 million baht, increased by 1,786.22 million baht (36.0% YoY), which comprised of 5,902.06 million baht from the Bank and 848.14 million baht from other subsidiaries. Under the previous Financial Statement Presentation Standard, the NPL ratio, which included loan portfolio of TISCO Tokyo Leasing Co., Ltd., increased from 1.70% to 2.50% (YoY).

**Table 5: NPLs Breakdown by Area as of December 31, 2013 and 2014**

Type of Business	December 31, 2013			December 31, 2014			% Change
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and commerce	0.77	136.16	2.7	0.61	115.63	1.7	(15.1)
Real estate and construction	0.40	45.18	0.9	0.55	66.97	1.0	48.2
Public utilities and services	0.32	69.83	1.4	0.34	73.41	1.1	5.1
Agriculture and mining	3.11	12.78	0.3	0.75	1.92	0.0	(84.9)
<b>Total NPL - Corporate Loans</b>	<b>0.52</b>	<b>263.95</b>	<b>5.3</b>	<b>0.49</b>	<b>257.93</b>	<b>3.8</b>	<b>(2.3)</b>
<b>NPL-Commercial Loans</b>	<b>0.47</b>	<b>151.64</b>	<b>3.1</b>	<b>1.02</b>	<b>239.36</b>	<b>3.5</b>	<b>57.8</b>
Hire purchase	2.28	4,153.93	83.7	3.35	5,533.19	82.0	33.2
Mortgage	4.85	69.23	1.4	7.33	96.04	1.4	38.7
Consumer	1.69	244.44	4.9	2.57	387.39	5.7	58.5
<b>Total NPL - Retail Loans</b>	<b>2.25</b>	<b>4,467.60</b>	<b>90.0</b>	<b>3.32</b>	<b>6,016.62</b>	<b>89.1</b>	<b>34.7</b>
<b>Others</b>	<b>1.67</b>	<b>80.79</b>	<b>1.6</b>	<b>4.91</b>	<b>236.29</b>	<b>3.5</b>	<b>192.5</b>
<b>Total NPL – The Company</b>	<b>1.73</b>	<b>4,963.98</b>	<b>100.0</b>	<b>2.57</b>	<b>6,750.20</b>	<b>100.0</b>	<b>36.0</b>

**(d) Allowance for Doubtful Accounts and Losses on Debt Restructuring**

The Company set up provision for the year 2014 at 4,426.46 million baht, increased by 285.86 million baht from the previous year, mainly from the slow recovery of used car market price, affected the persistently high loss from sale of repossessed cars. As of December 31, 2014, the loan loss reserve of The Company was 6,950.42 million baht while the total loan loss reserve of the Bank was 6,380.34 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 3,517.27 million baht, accounted for 181.40% of minimum loan loss reserve requirement following a prudent provision policy. To counter the effect of economic cyclical, The Company set up additional excess reserve of 480.72 million baht in 2014.

**Table 6: Allowance for doubtful accounts – classified by the receivables classification as of December 31, 2013 and 2014**

Type of receivables classification	December 31, 2013 (Bt. million)	%	December 31, 2014 (Bt. million)	%	% Change
Pass	3,259	56.4	1,822	28.6	44.1
Special mentioned	1,121	19.4	2,494	39.1	122.5
Substandard	944	16.3	1,073	16.8	13.7
Doubtful	279	4.8	623	9.8	123.3
Doubtful of loss	63	1.1	177	2.8	181.0
Excess Provision	109	1.9	191	3.0	75.2
<b>Total</b>	<b>5,775</b>	<b>100.0</b>	<b>6,380</b>	<b>100.0</b>	<b>10.5</b>

**(2) Liabilities**

As of December 31, 2014, total liabilities were 291,849.81 million baht, decreased by 11.7% (YoY), mainly from the decrease in deposits and short-term borrowings from 270,916.80 million baht to 213,090.11 million baht (21.3% YoY). The liabilities composition comprised of 73.0% total deposit including bill of exchange, 3.7% interbank and money market items, 19.8% debentures, and 3.5% other liabilities.

**Table 7: Liabilities Breakdown by Area as of December 31, 2013 and 2014**

Type of Borrowings	December 31, 2013		December 31, 2014		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	270,916.80	82.0	213,090.11	73.0	(21.3)
Interbank and money market items	12,182.92	3.7	10,897.49	3.7	(10.6)
Debentures	36,809.00	11.1	57,699.90	19.8	56.8
Others	10,443.24	3.2	10,162.31	3.5	(2.7)
<b>Total – The Company</b>	<b>330,351.96</b>	<b>100.0</b>	<b>291,849.81</b>	<b>100.0</b>	<b>(11.7)</b>

**(3) Shareholders' Equity**

As of December 31, 2014, shareholders' equity was 25,823.69 million baht, increased by 2,769.34 million baht (12.0% YoY) from an increase in retained earnings for the year 2014. As a result, the book value per share (BVPS) as of December 31, 2014 was 32.25 baht per share, improved from 28.80 baht per share (YoY).

**(4) Liquidity**

As of December 31, 2014, The Company's cash was 1,180.48 million baht, increased by 4.4% (YoY). This was mainly comprised of 6,590.84 million baht in net cash flows from operating activities, mainly contributed by declined loan. There was net cash flow used in investing activities totaled 3,340.03 million baht, contributed by the purchase of investment in securities. Meanwhile, the net cash flows used in financing activities totaled 3,201.29 million baht, contributed by the repayment of long term debenture.

**(5) Sources and Uses of Funds**

As of December 31, 2014, the funding structure as shown in the consolidated financial statement comprised of 291,849.81 million baht in liabilities and 25,823.69 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 11.3 times. The major source of funds on liabilities side was deposits, which accounted for 67.1% of total source of funds. Other sources

of funds included interbank and money market items accounted for 3.4% of total source of funds, 21.4% of debenture and others liability, and 8.1% of shareholders' equity, respectively.

The Company's major use of funds was loans, amounting 262,783.83 million baht, resulting in a loan-to-deposit ratio<sup>1</sup> of 123.3%. The other uses of funds include interbank and money market items, and various securities.

#### (6) Contingent liabilities

As of December 31, 2014, TISCO Bank, a subsidiary of The Company, had avals, guarantees, and commitments totaled 5,165.66 million baht, decreased by 19.8% (YoY) mainly driven by the decrease in value of interest rate swap agreements which used to manage the risk associated with floating interest rate loan of a customer who operating business oversea.

### 14.3 Business Segment Performances

#### (1) Banking Business

##### Loans

Total consolidated loans and receivables as of December 31, 2014 were 262,783.83 million baht, contracted by 23,630.83 million baht (8.3% YoY) amidst domestic economic slowdown and subdued automotive market throughout the year 2014. Under the previous Financial Statement Presentation Standard (including TISCO Tokyo Leasing), total consolidated loans and receivables were recorded at 270,392.54 million baht, declined by 21,758.11 million baht (7.4% YoY). The composition of loan portfolio was 69.1% of retail loans, 20.2% of corporate loans, 8.9% of commercial loans and 1.8% of other loans.

##### Corporate Lending

Corporate lending portfolio totaled 53,083.22 million baht, grew by 1,961.59 million baht (3.8% YoY), due to the increase in loan from manufacturing and commercial sector, and real estate and construction sector.

##### Commercial Lending

Commercial lending portfolio totaled 23,389.51 million baht, declined by 8,644.93 million baht (27.0% YoY), mainly from the subdued Car Inventory Financing, following the declining demand of car dealers following lower industry car sale, together with the inventory stocks gradually adjusted demand and supply imbalance.

##### Retail Lending

Retail lending portfolio totaled 181,494.16 million baht, decreased by 8.5% (YoY), with composition of 91.0% car, motorcycle and other hire purchase, 8.3% consumer loans and 0.7% mortgage loans. The outstanding hire purchase loans totaled 165,095.00 million baht, decreased by 17,467.55 million baht (9.6% YoY), primarily from the subdued automotive market. The domestic car sales in 2014 was reported at 881,832 units, decreased by 33.7% (YoY) from 1,216,757 units, due mainly to the weakened economy and consumption. Meanwhile, TISCO car penetration rate for the year 2014 was reported at 7.3%. Moreover, consumption loans amounted 15,088.34 million baht, increased by 663.85 million baht (4.6% YoY).

##### Other Loans

Portfolio totaled 4,816.94 million baht, decreased by 26.41 million baht (0.5% YoY).

##### Deposits

Total deposits totaled 213,090.11 million baht, decreased by 57,826.69 million baht (21.3% YoY) following the rebalancing of liabilities mix to match with the slowdown in loan portfolio. As of December 31, 2014, The Company had excess liquidity amounting to approximately 36,022 million baht, combining with the required liquidity under BoT regulation of 12,900 million baht (including bill of exchange), resulting in liquidity ratio of 19.5% which was well over the liquidity requirement by BoT of 6.0%.

**Table 8: Deposits Structure as of December 31, 2013 and 2014**

Type of Deposits	December 31, 2013		December 31, 2014		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	2,482.33	0.9	2,915.43	1.4	17.4
Saving accounts	40,751.44	15.0	49,606.05	23.3	21.7
Fixed accounts	34,056.54	12.6	23,961.31	11.2	(29.6)
Negotiate certificate deposit	187,351.86	69.2	128,900.99	60.5	(31.2)
Short-term borrowings	6,274.62	2.3	7,706.32	3.6	22.8
<b>Total deposits</b>	<b>270,916.80</b>	<b>100.0</b>	<b>213,090.11</b>	<b>100.0</b>	<b>(21.3)</b>

<sup>1</sup> Deposit includes short-term borrowings from the Bank's regular client base

## (2) Securities Business

In 2014, the average daily turnover through TISCO Securities was 2,196.03 million baht, decreased by 14.3% (YoY) from 2,561.87 million baht in 2013, partly due to low market trading volume during the beginning of the year as investor confidence was weakened by political instability. However, the trading volume had been gradually improved after easing political environment. TISCO Securities market share slightly decreased from 3.0% to 2.9% (YoY). The lower market share was led by the decrease in market share of foreign institution sector from 4.1% to 3.3% (YoY). However, the market share of local institution sector (excluding proprietary trade) improved from 7.2% to 7.7% (YoY) mainly contributed by the professional investment advisory service and securities research for institutional investor of Deutsche TISCO Investment Advisory Co., Ltd. Meanwhile, the market share of retail sector was at 2.0%, at the same level as in 2013. In addition, TISCO brokerage volume comprised of 28.1% of local institutions, 27.2% of foreign institutions, and 44.7% of retail customers.

## (3) Asset Management Business

As of December 31, 2014, the assets under management of TISCO Asset Management Co., Ltd. were 169,716.73 million baht, increased by 11,454.39 million baht (7.2% YoY) driven by asset under management expansion amidst improvement in capital market condition, together with the issuance of various funds corresponding to market demand. The composition of total asset under management was 65.1% provident fund, 17.5% private fund, and 17.4% mutual fund. In 2014, total market share of TISCO Asset Management Co., Ltd. was 3.4%, ranking 9<sup>th</sup> in the market. The market share of provident fund was 13.2%, ranking 3<sup>rd</sup> in the market. The market share of private fund was 6.3%, ranking 7<sup>th</sup> in the market. For mutual fund, the market share was 0.8%, ranking 13<sup>th</sup> in the market.

For the year 2014, basic fee income from asset management totaled 933.53 million baht, increased by 90.44 million baht (10.7% YoY) due partly to the launch of 21 new equity trigger funds (there were 17 funds reached the target) and foreign funds such as TISCO German Equity fund, TISCO North Asia Equity fund and TISCO Europe Equity fund.

**Table 9: Assets under Management Breakdown by Type of Fund as of December 31, 2013 and 2014**

Type of Fund	December 31, 2013		December 31, 2014		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	102,694.50	64.9	110,451.63	65.1	7.6
Private Fund	31,813.60	20.1	29,645.55	17.5	(6.8)
Mutual Fund	23,754.24	15.0	29,619.55	17.5	24.7
<b>Total</b>	<b>158,262.34</b>	<b>100.0</b>	<b>169,716.73</b>	<b>100.0</b>	<b>7.2</b>

### 14.4 Capital Requirements

As of December 31, 2014, The Company's internal capital stood at 24,982.72 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital decreased by 1,642.56 million baht from the end of 2013 to 8,698.38 million baht, resulting from a decrease in credit and market risk capital. In addition, the capital surplus remained strong at 16,284.35 million baht or 65.2% of total internal capital.

At the end of 2014, the internal credit risk capital was 6,462.22 million baht, decreased by 1,745.66 million baht or 21.3% from previous year following loan portfolio contraction by 8.3% during the period. The non-performing loan of the Company rose from 1.7% at the end of 2013 to 2.6% at the end of 2014, mainly from an increase in non-performing loan of hire purchase portfolio as well as decreasing loan base.

Additionally, the market risk capital also decreased from 334.05 million baht to 163.92 million baht, resulting from a decline in risk capital of investment and non-listed portfolios as gain in market value increased along with SET index as well as decreasing in market volatility. Meanwhile, the overall duration gap decreased to 1.03 year, which was in a manageable level. The assets duration fell from 1.53 year to 1.40 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, stood at 0.37 year.



**Table 10: Average Duration Mismatch of Assets and Liabilities and Its Impact**

Type of Fund	Duration (years)		1-Y Net interest income change to 1% interest rate increase (Bt. million)	
	2013	2014	2013	2014
Assets	1.53	1.40	1,468.96	1,309.53
Liabilities*	0.37	0.37	(2,139.51)	(1,780.69)
Net Gap	<b>1.16</b>	<b>1.03</b>	<b>(670.55)</b>	<b>(471.16)</b>

Note: \* Exclude saving and current account

In terms of regulatory capital requirement of the Bank and Securities Company, the positions are in strong and sufficient levels to cushion for the expansion of asset in the future. At the end of December 2014, the projected regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the bank stood at 16.80%, remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II capital adequacy ratio stood at 12.55% and 4.24%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 6%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 54.73%, which was higher than the minimum required ratio by the SEC of 7.0%.

**Table 10: Capital Adequacy Ratio as of December 31, 2013 and 2014**

	December 31, 2013 <sup>1</sup> (%)	December 31, 2014 <sup>1</sup> (%)
Tier-I Capital	9.15	12.55
Total Capital	13.37	16.80

<sup>1</sup> Applied IRB approach

#### 14.5 Credit Rating

The Company got credit rating 'A-' and rating outlook "Stable" as at April 30, 2014 from TISCO Rating Co., Ltd. The ratings reflect the Company's strong asset quality, capital base, profitability. The detail of credit ratings is shown as follows;

Credit Rating (Unsolicited Rating)	Announcement Date April 30, 2014
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 economy, market interest rate trend, and industry car sales. The details are provided as follows;

Domestic economic outlook in 2015 is expected to grow at moderate level amidst various risk factors from both internal and external. The key economic growth drivers are expected to recover led by improving consumption amidst less concern over political stability. Nevertheless, the consumer's purchasing power has pressured by the high household debt level as well as weak agricultural price. This will offset with lower energy price in which support consumption recovery. In light of improving economic and political direction, the private investment trends to improve as private sector gains more confidence. This will support by accelerating government's budget spending and infrastructure investment project. In addition, the revival of export remains uncertain amidst the fragile global economic recovery.

On market interest rate, the Company expects the Bank of Thailand will continue accommodative monetary policy by maintaining the policy rate at 2.00%. Furthermore, the Bank of Thailand also has room for further policy easing in case of the inflation rate grows less than the projected target. The outlook of domestic car sales, a leading indicator that contribute to hire purchase business, is expected to grow modestly from 2014 amidst the challenge in revival of consumers' purchasing power.

Amidst the backdrop of domestic economic and political volatility, TISCO will continue to follow our focused strategies, good corporate governance, prudent business practice as well as strong risk management disciplines, in order to ensure business continuity & resiliency in the long run.

## **Attachment 1**

### **Details of Directors, Management and Controlling Persons**

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2014

Attachment 1

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<b>1. Mr. Pliu Mangkornkanok</b> Chairman of the Board of Directors Independent Director	66	Common 2,221,010 Preferred -	-	Master of Business Administration (Finance) University of California at Los Angeles, USA Master of Science (Industrial Engineering) Stanford University, USA Bachelor of Engineering (Industrial Engineering) Chulalongkorn University - Certificate of Capital Market Academy Leadership Program (Class of 10th) Capital Market Academy - Directors Certification Program - Role of the Chairman Program - Audit Committee Program Thai Institute of Directors Association - Executive Program in Energy Literacy for a Sustainable Future Thailand Energy Academy Class 5	2012-Present	<i>TISCO Group</i> Independent Director	TISCO Financial Group Public Company Limited	Holding Company
					2010-Present	Chairman of the Board of Directors		
					2009-2010	Chairman of the Executive Board		
					2008-2010	Group Chief Executive Officer		
					2012-Present	Director	TISCO Bank Public Company Limited	Bank
					2009-Present	Independent Director		
					2011-Present	Chairman of the Board of Directors		
					2011-Present	Vice President	TISCO Foundation	Foundation
					1990-2012	Director		
					2013-Present	<i>Others</i> Honorary Director	International School of Engineering, Faculty of Engineering, Chulalongkorn University	Academic Institute
					2012-Present	Independent Director	Star Petroleum Refining Company Limited	Refinery
						Chairman of the Audit Committee		
						Chairman of the Nomination and Remuneration Committee		
					2011-Present	Director	Chuchawal-Royal Haskoning Limited	Engineering Consultant
					2011-Present	Director	Sem Pringpuangkeo Foundation	Foundation
					2010-Present	Director	Design 103 International Limited	Architect Consultant
					2007-Present	Vice Chairman	Thai Institute of Directors Association	Association
2004-Present	Councillor	Thailand Management Association	Association					
1973-2012	Director	Rama Textile Industry Company Limited	Manufacturer of Yarn					
2010-2011	Director	Solido Company Limited	Restaurant					
2006-2010	Director	Amata Spring Development Company Limited	Golf Course					
1994-2010	Director	Phelps Dodge International (Thailand) Company Limited	Manufacture of wire and cable products Distributor of electric wires and cable					
1994-2010	Director	PDTL Trading Company Limited	Association					
2008-2010	Director	The Thai Bankers' Association	Banking Association					

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<b>2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)</b> Vice Chairman of the Board of Directors Member of the Nomination and Compensation Committee	37	Common - Preferred -	-	Bachelor of Science (Economics) Massachusetts Institute of Technology, USA	2010-Present	<i>TISCO Group</i> Vice Chairman of the Board of Directors	TISCO Financial Group Public Company Limited	Holding Company
					2008-Present	Member of the Nomination and Compensation Committee		
					2010-2012	Member of the Executive Board		
					2009-2010	Vice Chairman of the Executive Board		
					2008-2010	Director		
					2010-Apr2014	Vice Chairman of the Board of Directors		
					2010-2012	Member of the Executive Board		
					2009-2010	Chairman of the Executive Board		
					2007-2010	Director		
					2012-Present	Managing Director		
2008-Present	Senior Advisor							
2005-2011	Managing Director							
<b>3. Ms. Oranuch Apisaksirikul</b> Director Chairman of the Executive Board (Authorized Signatory) Group Chief Executive	56	Common - Preferred -	-	Master of Business Administration (Finance) Bachelor of Laws Bachelor of Accountancy (Accounting & Commerce) Thammasat University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program - IOD Anti Corruption Training Program for Corporate and Executives Thai Institute of Directors Association	2010-Present	<i>TISCO Group</i> Chairperson of the Executive Board Group Chief Executive	TISCO Financial Group Public Company Limited	Holding Company
					2008-Present	Director		
					2009-2010	Member of the Executive Board		
					Feb2013-Sep2014	President		
					2010-Present	Acting Head of Business Strategy & Development		
					2005-Present	Chairperson of the Executive Board		
					2011-Present	Director		
					2011-Present	Director		
					2010-2011	Chairperson of the Board		
					2009-2011	Director		
2010-2011	Member of the Audit Committee	TISCO Bank Public Company Limited	Bank					
2010-2011	Chairperson of the Board							
2009-2011	Director							
2010-2011	Member of the Audit Committee	TISCO Foundation TISCO Learning Center Company Limited TISCO Securities Company Limited	Foundation Services Securities					
2010-2011	Chairperson of the Board							
2009-2011	Director							
2010-2011	Chairperson of the Board	TISCO Asset Management Company Limited	Asset Management					
2009-2011	Director							
2010-2011	Member of the Audit Committee							
2010-2011	Chairperson of the Board	TISCO Information Technology Company Limited	Information Technology					
2009-2011	Director							
2012-2013	Member of Risk Management Subcommittee							
2010-2011	Advisor to the Risk Management Subcommittee	Government Pension Fund	Asset Management					
2006-2010	Advisor and Member of Risk Management Committee							
						Small Industry Credit Guarantee Corporation	Specialized Financial Institution	

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<b>4. Assoc. Prof. Dr. Angkarat Priebjivat</b> Independent Director Chairperson of the Audit Committee	59	Common - Preferred -	-	Doctor of Philosophy (Accounting) New York University, USA Master of Science (Accounting) Bachelor of Business Administration (Accounting) Thammasat University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate in International Financial Reporting Standard (IFRS) The Institute of Chartered Accountants in England and Wales (ICAEW) - Directors Certification Program - Directors Accreditation Program - Audit Committee Program - Monitoring the System of Internal Control and Risk Management Program - Monitoring the Internal Audit Function Program - Monitoring Fraud Risk Management Program - Role of the Chairman Program - Anti Corruption for Executive Program Thai Institute of Directors Association	Apr2013-Present 2008-Present 2011-Apr2013 2008-2011 Apr2013-Present 2007-2011 2005-2011 2012-Present 2012-Present 2009-Present 2008-Present 2006-Present 2002-Present 1997-Present 1992-Present 2011-2012 2004-2012 2002-2012	<u>TISCO Group</u> Chairperson of the Audit Committee Independent Director Advisor to the Audit Committee Chairperson of the Audit Committee Chairperson of the Audit Committee Chairperson of the Audit Committee Independent Director <u>Others</u> Subcommittee on Finance, Budget, and Investment Advisor to the Audit Committee Member of the Audit Committee Member, Accounting and Corporate Governance Steering Group Independent Director Chairperson of the Audit Committee Chairman, Supervisory Committee Government Accounting Standards Committee Associate Professor Advisor to the Listing and Disclosure Department Advisor to the Audit Committee Independent Director (Accounting Specialist) Advisor to the Audit Committee	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Mass Rapid Transit Authority of Thailand Government Pension Fund Thai Public Broadcasting Service (Thai PBS) Securities and Exchange Commission Office Mate Public Company Limited The ABF Thailand Bond Index Fund The Comptroller General's Department, Ministry of Finance National Institute of Development Administration (NIDA) The Stock Exchange of Thailand State Railway of Thailand Association of Investment Management Companies TOT Corporation Public Company Limited	Holding Company Bank Transportation & Logistics Asset Management Government Office Independent State Agency Supplier of full line office products Fund Government Office Educational Institute Stock Exchange Government Office Association Communication
<b>5. Prof. Dr. Pranee Tinakorn</b> Independent Director Chairperson of the Nomination and Compensation Committee	65	Common - Preferred -	-	Doctor of Philosophy (Economics) Master of Art (Economics) University of Pennsylvania, USA Bachelor of Art (Economics) Swarthmore College, USA - Directors Certification Program - Directors Accreditation Program - Financial Institutions Governance Program - Audit Committee Program - Monitoring the System of Internal Control and Risk Management Program - Monitoring the Internal Audit Function Program - Monitoring the Quality of Financial Reporting Program - Monitoring Fraud Risk Management Program - Anti Corruption for Executive Program Thai Institute of Directors Association	Apr2013-Present 2008-Present 2008-Apr2013 2009-Apr2013 2012-Present 2009-Present 2008-Present 2005-Present 1979-2013 2011-2012 2010-2011 2008-2010	<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 <u>Others</u> Board of Governors University Council Director Executive Director of TDRI Member of TDRI Council of Trustees Professor of Economics Subcommittee on Improvement of Financial and Budget System under Public Sector Development Committee Director Member of the Committee on Budget Subsidy for Public Services	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Thai Public Broadcasting Service (Thai PBS) Krirk University Thailand Development Research Institute (TDRI) Thammasat University The Office of the Public Sector Development Commission National Reform Committee Ministry of Finance	Holding Company Bank Government Office Academic Institute Foundation Academic Institute Government Office Independent State Agency Government Office

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
6. Ms. Patareeya Benjapolchai Independent Director Chairperson of the Corporate Governance Committee Member of the Audit Committee	60	Common - Preferred -	-	Master of Business Administration - Thammasat University Bachelor of Accountancy (Accounting) Chulalongkorn University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate, The Executive Program University of Michigan, USA - Certificate, Advanced Accounting and Auditing Chulalongkorn University - Directors Certification Program - Financial Institutions Governance Program Thai Institute of Directors Association - Director Certification Program Update Thai Institute of Directors Association	Aug2013-Present	<i>TISCO Group</i> Chairperson of the Corporate Governance Committee	TISCO Financial Group Public Company Limited	Holding Company
					2011-Present	Member of the Audit Committee		
					2010-Present	Independent Director		
					2011-Present	Independent Director Member of the Audit Committee	TISCO Bank Public Company Limited	Bank
					2014-Present	<i>Others</i> Independent Director and Chairperson of the Audit Committee	MCOT Public Company Limited	Mass Communication
					2013-Present	Independent Director	Bangkok Glass Public Company Limited	Packaging Material and Container
					2013-Present	Director, Revolving Fund Evaluation Committee	Ministry of Finance Corporate Governance Center, The Stock Exchange of Thailand	Government Office Stock Exchange
					2013-Present	Member of the SET AWARD Committee		
					2013-Present	Corporate Governance Committee		
					2006-2010	President and Executive Committee		
					2011-Present	Ethics Committee	Federation of Accounting Professions Under Thai Institute of Directors Association	Private Sector Association
					2013-Present	Director		
					2011-Present	Director, Award Committee, Board of the Year Award		
					2011-Present	Chairperson of the Audit Committee	The Office of the Agricultural Futures Trading Commission	Ministry of Commerce
					2010-Present	Advisor	Thai Listed Companies Association	Association
					2010-Present	Audit Committee	Office of the Permanent Secretary for Defence, Ministry of Defence	Government Office
					2010-Present	Associate Judge	The Central Intellectual Property and International Trade Court	Court
					2010-Present	Directors' Responsibilities Steering Committee	The Securities and Exchange Commission	Independent State Agency
					2010-Present	Director	Baan Ruam Tang Fhun Company Limited	Property Development
					2007-Present	Honorary Advisor	The Institute of Internal Auditors of Thailand	Associate
					2002-Present	Director	Krabi Petra Company Limited	Property Development
					2008-2012	Directors on Foreign Business Committee	Department of Business Development, Ministry of Commerce	Government Office
					2009-2010	Chairman	Thailand Securities Depository Company Limited	Private Sector
					2006-2010	Chairman and Executive Chairman		
					2009-2010	Chairman	Family Know-How Company Limited	Private Sector
					2009-2010	Chairman	Settrade.com Company Limited	Private Sector
2008-2010	Director, Award Committee, State-owned Enterprise Award 2008-2010	State Enterprise Policy Office, Ministry of Finance	Government Office					
2007-2010	Chairman of the Subcommittee of Member Recruitment	Thailand Futures Exchange Public Company Limited	Private Sector					
2006-2010	Vice Chairman and Executive Chairman							
2006-2010	Chairman	Thai NVDR Company Limited	Private Sector					
2006-2010	Chairman	Thai Trust Fund Management Company Limited	Private Sector					
2006-2010	Chairman	Siam DR Company Limited	Private Sector					
2006-2010	Chairman	Thailand Clearing House Company Limited	Private Sector					
2006-2010	Director and Secretary	Federation of Thai Capital Market Organizations	Private Sector					
2002-2010	Director, Subcommittee on Investors Education and Public Relations and on Corporate Governance in Thailand	The Prime Minister's Office	Government Office					
2005-2010	Councillor	Thailand Management Association	Association					

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1/</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
7. Ms. Panada Kanokwat Independent Director Member of the Corporate Governance Committee	65	Common	-	-	Master of Business Administration (Banking & Finance) North Texas State University, USA Bachelor of Business Administration (Accounting) Thammasat University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate of Executive Program in International Management Stanford-National University of Singapore - Certificate of Building, Leading & Sustaining Innovation Organization Sloan School of Management, Massachusetts Institute of Technology, USA - Directors Certification Program - Directors Accreditation Program - Financial Institutions Governance Program Thai Institute of Directors Association - Anti Corruption for Executive Program Thai Institute of Directors Association - Risk Management Committee Program Thai Institute of Directors Association - Director Certification Program Update Thai Institute of Directors Association	2008-Present	TISCO Group Independent Director	TISCO Financial Group Public Company Limited	Holding Company
		Preferred	-			Apr2014-Present Apr2013-Apr2014 2011-Apr2013 2008-2011 Apr2013-Apr2014 2008-Apr2014 2011-Apr2013 2008-2011 2014-Present 2010-Present			
8. Mr. Pichai Chanvirachart <sup>1/2</sup> Advisor to TISCO's Board of Directors	64	Common	2,324,349	-	Bachelor of Business Administration (Finance) Marshall University, USA - Directors Certification Program Thai Institute of Directors Association	Aug2013-Apr2014	TISCO Group Member of the Corporate Governance Committee	TISCO Financial Group Public Company Limited	Holding Company
		Preferred	-			Apr2013-Apr2014 2009-2010 2014-Apr2014 2005-2014 2009-2011			
9. Mr. Sathit Aungmanee <sup>1/2</sup> Director Member of the Corporate Governance Committee	68	Common	100,035	-	Master of Business Administration (Finance) Fairleigh Dickinson University, USA Bachelor of Business Administration (Accounting) Thammasat University	Apr2014-Present	TISCO Group Director	TISCO Financial Group Public Company Limited	Holding Company
		Preferred	-			May2014-Present 2013-Apr2014 Jan-Feb2012 2009-2010 Apr2014-Present 2011-Present 2011-Present			

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years							
						Period	Position	Company / Organization	Type of Business				
<b>10. Prof. Dr. Teerana Bhongmakapat</b> Independent Director Member of the Audit Committee	58	Common	-	-	Doctor of Philosophy (Economics) University of Wisconsin-Madison, USA Master of Art (Economics) Thammasat University Bachelor of Economics (Qualitative Analysis) Chulalongkorn University - Certificate of Executive Leadership Program Capital Market Academy - Director Certification Program Thai Institute of Directors Association - Financial institutions Governance Program Thai Institute of Directors Association - Director Certification Program Update Thai Institute of Directors Association	Apr2013-Present	<i>TISCO Group</i> Independent Director	TISCO Financial Group Public Company Limited	Holding Company				
		Preferred	-			Aug2013-Apr2014	Member of the Corporate Governance Committee						
						Apr2014-Present	Independent Director Member of the Audit Committee	TISCO Bank Public Company Limited	Bank				
						2014-Present	<i>Others</i> Journal editors	Office of National Anti-Corruption Commission	Government Office				
						2013-Present	Director, Contemplative Education Center	Mahidol University	Academic Institute				
						2012-Present	Independent Director and Member of Audit Committee	Banpu Public Company Limited	Energy & Utilities				
						2012-Present	Subcommittee on Determination of License Fees and Price Structure in Broadcasting Services	Office of the National Broadcasting and Telecommunications Commission (NBTC)	Communication				
						2012-Present	Subcommittee on Law and Economics	Office of the National Anti-Corruption Commission	Government Office				
						2011-Present	Subcommittee on Research Affairs						
						2011-Present	Chairman, Financial Institutions and Trader Supervision in accordance with Anti-Money Laundering Act	Anti-Money Laundering Office (AMLO)	Government Office				
						2010-Present	Eminent Member, Anti-Money Laundering Committee (AMLO)						
						2011-2014	Advisor to Subcommittee on Monetary Policy, Finance and Budget Administration	The Senate of Thailand	Government Office				
						2011-Present	Professor of Economics (C11)	Chulalongkorn University	Academic Institute				
						2006-Present	Professor of Economics						
<b>11. Mr. Yasuro Yoshikoshi</b> Director Member of the Executive Board Member of the Nomination and Compensation Committee (Authorized Signatory)	52	Common	-	-	Bachelor of Law Nihon University, Japan - Directors Certification Program Thai Institute of Directors Association	Jan2014-Present	<i>TISCO Group</i> Director	TISCO Financial Group Public Company Limited	Holding Company				
		Preferred	-			Jan2014-Present	Member of the Executive Board Member of the Nomination and Compensation Committee						
						Jan2014-Present	Director Member of the Executive Board	TISCO Bank Public Company Limited	Bank				
						Dec2013-Present	<i>Others</i> Managing Director	MHCB Consulting (Thailand) Company Limited	Consultant				
						2008-Dec2013	Senior Vice President, International Corporate Advisory Division	Mizuho Corporate Bank Limited: Head Office	Bank				
		<b>12. Mr. Chi-Hao Sun</b> Director Member of the Executive Board (Authorized Signatory)	37			Common	-	-	Master of Science (Finance) Bentley University, USA Master of Business Administration Boston University, USA Bachelor of Arts (Economics) Taipei University, Taiwan	2012-Present	<i>TISCO Group</i> Member of the Executive Board	TISCO Financial Group Public Company Limited	Holding Company
						Preferred	-			2011-Present	Director		
				Apr2014-Present	Director	TISCO Bank Public Company Limited	Bank						
				2012-Present	Member of the Executive Board								
				2013-Present	<i>Others</i> Vice President	CDIB & Partners Investment Holding Corporation	Investment						
		2012-Present	Assistant Vice President										
		2010-2012	Senior Manager										
		2006-2010	Senior Consultant	KPMG Corporate Finance (Taiwan)	Financial Services Consulting								



Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<b>13. Mr. Suthas Ruangmanamongkol</b> Director Member of the Executive Board (Authorized Signatory) President	53	Common 3,333,333 Preferred -	-	Master of Science (Finance) University of Wisconsin-Madison, USA Master of Business Administration (Finance) Western Illinois University, USA Bachelor of Engineering (Computer Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present 2009-Present 2008-Present 2009-Present  2009-2011 2005-2011  2013-Present 2010-Present 2010-Present  2010-Present	<i>TISCO Group</i> President Member of the Executive Board Director Director Member of the Executive Board President Director Director <i>Others</i> Director Director Director  Director	TISCO Financial Group Public Company Limited  TISCO Bank Public Company Limited  TISCO Information Technology Company Limited TISCO Asset Management Company Limited  Dole Thailand Company Limited The Thai Bankers' Association Phelps Dodge International (Thailand) Company Limited PDTL Trading Company Limited	Holding Company  Bank  Information Technology Asset Management  Food & Beverage Association Manufacture of wire and cable products  Distributor of electric wires and cable
<b>14. Ms. Krisna Theravuthi</b> Advisor to TISCO's Board of Directors	64	Common - Preferred -	-	Master of Business Administration (Marketing) University of Wisconsin-Madison, USA Bachelor of Accountancy (Accounting) Chulalongkorn University - Directors Certification Program - Directors Accreditation Program - Effective Audit Committee and Best Practice Program - Audit Committee Program - Monitoring the System of Internal Control and Risk Management Program - Role of Compensation Committee Program - Role of the Chairman Program Thai Institute of Directors Association	Jun2013-Present 2008-Apr2013 2008-Apr2013  2012-Present 2010-Present  2004-2010 2010-Present 2008-2010 2004-Present  1986-Present	<i>TISCO Group</i> Advisor to TISCO's Board of Directors Independent Director Chairperson of the Nomination and Compensation Committee <i>Others</i> Director Vice President  Secretary Advisor Advisor Vice Chairman  Member of the Executive Board	TISCO Financial Group Public Company Limited  Krua Charoen Company Limited Business and Professional Women's Association of Thailand - Udonthani  Committee on Labour and Welfare  Northeast Community Center for Mental Retardation Thavorn Udon Company Limited	Holding Company  Food & Beverage Association  Government Office  Charity Organization Hotel
<b>15. Mr. Sakchai Peechapat</b> Senior Executive Vice President	47	Common 66,177 Preferred -	-	Master of Business Administration (International Business) University of Hawaii at Manoa, USA Bachelor of Engineering (Civil Engineering) (Honour) Kasetsart University Japan-focused Management Program Japan-America Institute of Management Science, USA Executive Management Program Faculty of Commerce and Accountancy, Thammasat University - Directors Certification Program - Directors Accreditation Program Thai Institute of Directors Association - Thailand Insurance Leadership Program OIC Advanced Insurance Institute	2010-Present 2010-Present 2010 2009 2006-2008  2005-2006  2010-Present 2009-Present 2009-Present 2009-2011 2009-2011  2006-Present	<i>TISCO Group</i> Senior Executive Vice President Senior Executive Vice President - Retail Banking Senior Executive Vice President - Marketing & Customer Relations Senior Executive Vice President - Marketing & Customer Relations Executive Vice President - Retail Banking Acting Human Resources and Organization Development Executive Vice President - Human Resources and Organization Development Chairman of the Board Director Chairman of the Board Director Director <i>Others</i> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited      Hi-Way Company Limited  TISCO Tokyo Leasing Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited  AXA Insurance Public Company Limited	Holding Company Bank     Hire Purchase  Leasing Securities Asset Management  Insurance

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<b>16. Mr. Pitada Vatcharasiritham</b> Senior Executive Vice President	50	Common Preferred - -	-	Master of Business Administration Indiana University of Pennsylvania, USA Bachelor of Economics Thammasat University	Jan2013-Present 2010-2012 2010-Present 2012-Jan2013 2011-Present 2010 2010 2009-2010 2006-2010 2000-2010 2006-2009 2002-2010 2002-2010	<i>TISCO Group</i> Senior Executive Vice President First Executive Vice President Senior Executive Vice President - Corporate Banking Acting Head of Investment Banking Director <i>Others</i> Director Executive Director President Executive Director Director President - Investment Banking Director Executive Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited Finansa Public Company Limited Finansa Securities Company Limited Finansa Capital Company Limited	Holding Company Bank Securities Finance Securities General Management Business
<b>17. Mr. Metha Pingsuthiwong</b> First Executive Vice President	48	Common Preferred 195,800 -	-	Master of Business Administration (Finance) University of Wisconsin-Milwaukee, USA Bachelor of Engineering (Electrical Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present Feb2013-Present 2010-Jan2013 2011-2012 2009-2011 1999-Present	<i>TISCO Group</i> First Executive Vice President First Executive Vice President - Retail Banking First Executive Vice President - western management & Banking Services Director Director <i>Others</i> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Investment Advisory Company Limited TISCO Securities Company Limited K-Line (Thailand) Company Limited	Holding Company Bank Investment Advisory Securities Transportation
<b>18. Ms. Araya Thirakomen</b> First Executive Vice President	52	Common Preferred 212,874 -	-	Master of Business Administration (Finance) University of New Haven, USA Bachelor of Accountancy (Finance) Chulalongkorn University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program Thai Institute of Directors Association	2010-Present 2009-Present 2005-Present 2006-Present 2002-Present 2002-Present 2004-2012	<i>TISCO Group</i> First Executive Vice President President Director <i>Others</i> Member of National Pension Subcommittee Member of Subcommittee on Pension and Provident Fund Member of Subcommittee on Consideration of draft Notifications on Supervision of Security Business Deputy Chairman, Chairperson of Provident Fund Business Group, and Chairperson of Subcommittee-Provident Fund Investment	TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited Fiscal Policy Office, Ministry of Finance The Securities and Exchange Commission Association of Investment Management Company ("AIMC")	Holding Company Asset Management Government Agency Independent State Agency Association
<b>19. Mr. Paiboon Nalinthangkurn</b> First Executive Vice President	48	Common Preferred 286,000 -	-	Master of Business Administration (Finance) Indiana University at Bloomington, USA Bachelor of Arts (Computer Science) University of California at Santa Cruz, USA Certified Financial Analyst CFA Institute, USA - Certificate of Advanced Security Management Program under the Association National Defense College of Thailand under the Royal Patronage of His Majesty the King - Certificate of Thailand Energy Academy (TEA 3) Thailand Energy Academy - Certificate of Top Executive Program in Commerce and Trade (TEPCOT5) - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program - Directors Accreditation Program - Audit Committee Program Thai Institute of Directors Association	2010-Present 2006-Present 2005-Present 2011-Present 2014-Present 2014-Present 2014-Present 2014-Present 2009-Present 2010-2014 2010-2014 2008-2014 2009-Sep2013 2009-May2013 2007-2012	<i>TISCO Group</i> First Executive Vice President Chief Executive Officer Director Chairman of the Board of Directors and Chief Executive Officer <i>Others</i> Member of State Enterprise Policy Office (SEPO), Member of the National Reform Council Member of the Contribution Rate Review Committee Director Chairman Chairman Director Director Executive Director Governor Director	TISCO Financial Group Public Company Limited TISCO Securities Company Limited Deutsche TISCO Investment Advisory Company Limited State Enterprise Policy Office (SEPO), Ministry of Finance The Secretariate of the House of Representatives Government Pension Fund National Council for Peace and Order (NCPO) Investment Analysts Association Federation of Thai Capital Market Organizations Joint Public and Private Sector Consultative Committee (JPPCC) Capital Market Development Committee Association of Thai Securities Companies The Stock Exchange of Thailand Futures Industry Club	Holding Company Securities Investment Advisory Organization Organization Committee Association Organization Committee Committee Association Stock Exchange Club

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
20. Mr. Chalit Silpsrikul First Executive Vice President	53	Common Preferred	79 -	-	Master of Business Administration Bachelor of Accountancy (Accounting) Thammasat University Financial Executive Development Program (FINEX 14) The Thai Institute of Banking and Finance Association Crestcom Bullet Proof Manager (Management Skill Development Course) - Directors Certification Program Thai Institute of Directors Association	Jul2013-Present	TISCO Group First Executive Vice President	TISCO Financial Group Public Company Limited	Holding Company
						2010-2012	Executive Vice President		
						Jul2013-Present	First Executive Vice President - Wealth Management	TISCO Bank Public Company Limited	Bank
						Feb2013-Jun2013	First Executive Vice President - Wealth Management & Banking Services		
						2010-Jan2013	Executive Vice President - Retail Banking - Front		
						2010-2011	Acting Head of Provincial Channel		
						2011-Sep2013	Director	Hi-Way Company Limited	Hire Purchase
							<u>Others</u>		
							-		
21. Ms. Yutiga Sonthayanavin Executive Vice President	56	Common Preferred	576 -	-	Master of Business Administration Bachelor of Science (Statistics) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present	TISCO Group Executive Vice President	TISCO Financial Group Public Company Limited	Holding Company
						2004-2014	Managing Director	TISCO Information Technology Company Limited	Information Technology
							<u>Others</u>		
							-		
22. Mr. Chatri Chandrangam Executive Vice President Risk and Financial Control	44	Common Preferred	30,000 -	-	Master of Finance (Distinction) Imperial College, London, UK Master of Business Administration (International Business) Schiller International University, UK Bachelor of Business Administration (Banking & Finance) Chulalongkorn University Certified Financial Analyst CFA Institute, USA - Directors Certification Program Thai Institute of Directors Association	2010-Present	TISCO Group Executive Vice President - Risk and Financial Control	TISCO Financial Group Public Company Limited	Holding Company
						2012-Present	Acting Head of Investment		
						2009	Financial Controller and Risk Management		
						2005-2008	Financial Controller and Risk Management	TISCO Bank Public Company Limited	Bank
						2011-Present	Director	TISCO Leasing Company Limited	Leasing
						2011-Present	Director	TISCO Information Technology Company Limited	Information Technology
						2011-Present	Director	Deutsche TISCO Investment Advisory Company Limited	Investment Advisory
						2011-Present	Director	TISCO Learning Center Company Limited	Services
						2009-Present	Director	Hi-Way Company Limited	Hire Purchase
						2009-Present	Director	TISCO Tokyo Leasing Company Limited	Leasing
2009-Present	Director and Member of Audit Committee	TISCO Securities Company Limited	Securities						
2007-Present	Director and Member of Audit Committee	TISCO Asset Management Company Limited	Asset Management						
							<u>Others</u>		
							-		
23. Mr. Pairat Srivilairit Corporate Secretary Head of Governance Office	49	Common Preferred	- -	-	Master of Business Administration Thammasat University Bachelor of Engineering Chulalongkorn University - Certified Internal Auditor (CIA) - Certificate in Control Self-Assessment (CCSA) - Certified Financial Service Auditor (CFSA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Company Secretary Program - Company Reporting Program - Board Reporting Program - Effective Minutes Taking - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring Fraud Risk Management Thai Institute of Directors Association (IOD) - GRI Certified Training on G4 reporting Guidelines Thaipat Institute	Oct2013-Present	TISCO Group Head of Governance Office	TISCO Financial Group Public Company Limited	Holding Company
						Sep2013-Present	Corporate Secretary		
						Feb2013-Sep2013	Head of Operational Risk Management		
						2009-Jan2013	Head of Internal Audit		
						Sep2013-Present	Director	TISCO Leasing Company Limited	Leasing
						Sep2013-Present	Director	TISCO Information Technology Company Limited	Information Technology
						Sep2013-Present	Director	Hi-Way Company Limited	Hire Purchase
						2011-Present	Member of Internal Audit Quality Assurance Committee	Comptroller General's Department	Government office
						2010-Present	Member of Internal Audit Development Committee	Comptroller General's Department	Government office
						2010-Present	Member of Risk Management Committee	Bangkok Metropolitan Administration	Government office

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
<b>24. Mr. Watsakorn Thepthim</b> Head of Human Resources	40	Common Preferred	- -	- -	Master of Information System University of Manchester, UK Master of Business Administration (Management) Assumption University Bachelor of Business Administration (Finance) Assumption University	2012-Present 2009-2010  2011-Present 2011-Present 2010-2011	<i>TISCO Group</i> Head of Human Resources Assistant Head of Business Strategy & Development Acting Head of Product Development & Market Research Director of TISCO Learning Center Director Head of TISCO Learning Center <i>Others</i> -	TISCO Financial Group Public Company Limited    TISCO Learning Center Company Limited	Holding Company    Learning Center
<b>25. Ms. Dulyarat Taveebhol</b> Head of Corporate Compliance	57	Common Preferred	- -	- -	Bachelor of Accountancy (Accounting) Thammasat University	Jul2013-Present 2010-Jun2013 2009-2010 Sep2013-Present 2009-Present 2009-Present	<i>TISCO Group</i> Head of Corporate Compliance Assistant Head of Corporate Office Head of Compliance & Internal Control Director Director and Member of the Audit Committee Director and Member of the Audit Committee <i>Others</i> -	TISCO Financial Group Public Company Limited   Deutsche TISCO Investment Advisory Company TISCO Asset Management Company Limited TISCO Securities Company Limited	Holding Company   Investment Advisory Asset Management Securities
<b>26. Mr. Sathian Leowarin</b> Head of Business Strategy & Development	50	Common Preferred	2,200 -	- -	Master of Business Administration Prince of Songkhla University Bachelor of Business Administration (Marketing) Ramkhamhaeng University	Oct2014-Present 2011-Sep2014 2006-2010	<i>TISCO Group</i> Head of Business Strategy & Development Head of Bancassurance Head of Bancassurance - Life <i>Other</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
<b>27. Mrs. Penjit Taepaisitphongse</b> Head of Transformation Acting Head of Enterprise Architecture	47	Common Preferred	- -	- -	Bachelor of Arts Thammasat University	Oct.2014-Present Feb2013-Sep2014 2006-Jan2013 Oct2002-2005	<i>TISCO Group</i> Head of Transformation Head of It Software Solution Deputy Managing Director Head of IT Application Development <i>Other</i> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited   Betrago Co.Ltd.	Holding Company Information Technology
<b>28. Ms. Suthinee Muangman</b> Head of Credit Control	61	Common Preferred	101,030 -	- -	Bachelor of Business Administration (Finance and Banking) Thammasat University	Jul2013-Present 2010-Jun2013	<i>TISCO Group</i> Head of Credit Control Head of Credit Control <i>Other</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
<b>29. Mr. Kontee Sunthornpradit</b> Head of Planning and Budgeting	38	Common Preferred	13,200 -	- -	Master of Management (Operation Research) Case Western Reserve University, USA Master of Business Administration Bachelor of Economics Chulalongkorn University	Feb2013-Present 2009-Jan2013	<i>TISCO Group</i> Head of Planning and Budgeting Head of Enterprise Risk Management <i>Others</i> -	TISCO Financial Group Public Company Limited	Holding Company
<b>30. Dr. Kampon Adireksombat</b> Head of Economic Strategy	37	Common Preferred	- -	- -	Doctoral Degree (Economics) Michigan State University, USA Master of Economics National University of Singapore Bachelor of Economics Chulalongkorn University	Feb2013-Present 2011-Jan2013  2010-2011	<i>TISCO Group</i> Head of Economic Strategy (Chief Economist) Senior Economist <i>Others</i> Senior Economist	TISCO Financial Group Public Company Limited TISCO Securities Company Limited  Economic Intelligence Center, The Siam Commercial Bank Public Company Limited	Holding Company Securities  Bank
<b>31. Mr. Kittipong Tiyaboonthai</b> Head of Human Resources Management	42	Common Preferred	8,823 -	- -	Master of Information Systems University of Memphis, USA Master of Business Administration Bachelor of Business Administration (Banking & Finance) Chulalongkorn University	Oct2013-Present 2009-Sep2013	<i>TISCO Group</i> Head of Human Resources Management Head of Regulatory & Management Report <i>Others</i> -	TISCO Financial Group Public Company Limited	Holding Company
<b>32. Mrs. Kusumar Prathomsrimek</b> Head of Bancassurance	43	Common Preferred	- -	- -	Master of Science (Accounting) Chulalongkorn University Bachelor of Arts (Accounting) Burapha University	Oct2014-Present Oct2012-Sep2014 Nov2009-Sep2012	<i>TISCO Group</i> Head Of Bancassurance Assistant Head of Bancassurance Deputy Head of Bancassurance - Non Life <i>Other</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
<b>33. Mrs. Chintana Voramongkol</b> Head of Project Management Office	49	Common Preferred	13,500 -	-	Bachelor of Science (Statistics) Silpakorn University	Oct2014-Present Feb2013-Sep2014 2006-Jan2013	<u>TISCO Group</u> Head of Project Management Office Head of It Software Delivery Deputy Head of IT Application Development <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology
<b>34. Ms. Jiraporn Sawsukpaiboon</b> Head of Internal Audit	45	Common Preferred	16,544 -	-	Master of Business Administration Thammasat University Bachelor of Science (Accounting) Kasetsart University - Certified Internal Auditor (CIA) The Institute of Internal Auditors (IIA) - Certified Information System Auditor (CISA), ISACA, USA - Company Secretary Program - Board Reporting Program - Effective Minutes Taking (EMT) - Anti-Corruption: The Practical Guide Thai Institute of Directors Association (IOD)	Feb2013-Present 2006-Jan2013	<u>TISCO Group</u> Head of Internal Audit Deputy Head of Internal Audit <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>35. Ms. Chuenchit Trakarnratti</b> Head of Operation Risk Management	44	Common Preferred	- -	-	Master of Science (Computer) Assumption University Bachelor of Accounting Chulalongkorn University	Aug2014-Present	<u>TISCO Group</u> Head of Operational Risk Management <u>Others</u> First Vice President	TISCO Financial Group Public Company Limited CIMB	Holding Company
<b>36. Ms. Chutintorn Vigasi</b> Head of Corporate Accounting	51	Common Preferred	13,356 -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Accountancy (Accounting Theory) Chulalongkorn University	2009-Present	<u>TISCO Group</u> Head of Corporate Accounting <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>37. Ms. Nudtinee Suwanpanitch</b> Head of Legal Office	41	Common Preferred	- -	-	Master of Business Administration Ramkhamhaeng University Bachelor of Laws Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Legal Office Head of Legal Counselor <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>38. Mr. Noppawat Tangburanakij</b> Head of Digital Channel	37	Common Preferred	- -	-	Master of Science in Information Technology Arizona State University, USA Bachelor of Business Administration (Management) Chulalongkorn University	Oct2014-Present Feb2013-Sep2014 2010-Jan2013	<u>TISCO Group</u> Head of Digital Channel Head of New Technology & E-Channel Head of Channel Development <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>39. Ms. Nartrudee Siwabut</b> Head of Corporate Communication	54	Common Preferred	126,500 -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Arts (English) Chulalongkorn University	2009-Present	<u>TISCO Group</u> Head of Corporate Communication <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>40. Mr. Nipon Wongchotiwat</b> Head of Enterprise Risk Management	37	Common Preferred	- -	-	Master of Science (Finance) Thammasat University Bachelor of Commerce (Finance & Economics) University of Wollongong, Australia	Feb2013-Present 2009-Jan2013	<u>TISCO Group</u> Head of Enterprise Risk Management Head of Planning & Budgeting <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>41. Mr. Prayuk Charoencharaskul</b> Head of Productivity	38	Common Preferred	- -	-	Master of Business Administration University of North Carolina at Chapel Hill, USA Bachelor of Business Administration (Management) Chulalongkorn University	Aug2014-Present Oct2013-Jul2014 Feb2013-Sep2013 2009-Jan2013	<u>TISCO Group</u> Head of Productivity Head of Operational Risk Management Head of Process Risk Management Head of Operational Risk Management <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
<b>42. Mr. Pichit Treethephasumphan</b> Head of Appraisal & Valuation	41	Common Preferred	- -	-	Master of Housing Development Chulalongkorn University Bachelor of General Management Bansomdejchaopraya Rajabhat University - Graduate Diploma Program in Property Valuation - Certificate in Real Estate Developer (Mini MRE@tbs) Thammasat University	Jul2013-Present 2011-Jun2013	<u>TISCO Group</u> Head of Appraisal & Valuation Head of Appraisal & Valuation <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
<b>43. Mr. Pisit Piyapasuntra</b> Acting Head of Data Management	44	Common Preferred	- -	-	Master of Science (Management Information System) National inst. of Development Administration Bachelor Of Engineering King Mongkut's Inst.Of Technology Ladkrabang	Oct2014-Present Feb2014-Sep2014	<u>TISCO Group</u> Acting Head Of Data Management Transformation Specialist <u>Other</u> Consulting Manager	TISCO Financial Group Public Company Limited Pricewaterhousecooper	Holding Company
<b>44. Mr. Puvarin Kullaphatkanon</b> Head Of Risk & Business Analytics	34	Common Preferred	- -	-	Master of Arts in Economics New York University, USA Bachelor of Economics Chulalongkorn University Financial Risk Manager (FRM) Global Association of Risk Professionals, USA	May2014-Present 2010-Apr2014 2009-2010 2005-2009	<u>TISCO Group</u> Head Of Risk & Business Analytics Head of Risk Research Head of Risk Research & Advisory Senior Risk Officer -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
<b>45. Ms. Maneerat Wattanajak</b> Head of Compliance - Asset Management Business	45	Common Preferred	- -	-	Master of Financial Accounting Chulalongkorn University Bachelor of Accountancy Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Compliance - Asset Management Business Head of Compliance and Internal Control - Asset Management <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>46. Mr. Montri Siripanasan</b> Head of Solution Development	46	Common Preferred	- -	-	Master of Science (Statistics) National inst. of Development Administration Bachelor Of Science (Mathematics) King Mongkut's Institute Of Tech.Thonburi	Oct2014-Present Feb2013-Sep2014 Feb2008-Jan2013	<u>TISCO Group</u> Head of Solution Development Application Development Manager-MIS & Corporate Support Application Development Manager-Asset Management <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology
<b>47. Mr. Synn Navamananda</b> Head of Product Development and Marketing	33	Common Preferred	- -	-	Bachelor of Economics (International Program) Thammasat University	2012-Present 2008-2012	<u>TISCO Group</u> Head of Product Development and Marketing <u>Others</u> Vice President Fraud System & Prevention	TISCO Financial Group Public Company Limited The Hongkong and Shanghai Banking	Holding Company Bank
<b>48. Ms. Sakornrat Manuwong</b> Head of Compliance - Banking Business	44	Common Preferred	- -	-	Bachelor of Accountancy (Accounting) Thammasat University	2010-Present 2010	<u>TISCO Group</u> Head of Compliance - Banking Business Head of Compliance & Internal Control - Bank <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>49. Mr. Somchat Lapapong</b> Head of Corporate Services	52	Common Preferred	- -	-	Bachelor of Business Administration (Marketing) Ratchamangkala University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Corporate Services Deputy Head of Corporate Services <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>50. Ms. Suthiprom Areesakulsuk</b> Head of Human Resources Services	58	Common Preferred	39,500 -	-	Bachelor of Arts (Management) Bangkok University	2012-Present 2005-2011	<u>TISCO Group</u> Head of Human Resources Services Head of Compensation & Benefit <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
<b>51. Ms. Supaporn Aramtiantamrong</b> Head of Compliance - Securities Business	58	Common Preferred	67,372 -	-	Master of Business Administration Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Compliance - Securities Business Head of Compliance and Internal Control - Securities <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1/</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
<b>52. Ms. Surang Techarungnirun</b> Head of Office of the Credit Committee	39	Common	-	-	Master of Science in Finance Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	Jul2013-Present 2011-Jun2013 2006-2010	<u>TISCO Group</u> Head of Office of the Credit Committee Head of Office of the Credit Committee Senior Credit Administration Officer <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
<b>53. Ms. Arayapha Panichprecha</b> Head of Information Security Management	36	Common	-	-	Master of Information Technology Queensland University of Technology, Australia Bachelor of Engineering (Computer Engineering) King Mongkut's Institute of Technology Ladkrabang - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - GIAC System and Network Auditor (GSNA) - GIAC Certified Incident Handler (GCIH) - GIAC Web Application Penetration Tester (GWAPT) The SANS Institute, USA - Information Security Management System (ISMS) Auditor Lead Auditor (ISO/IEC 27001:2005) - Information Security Management System (ISMS) Implementation (ISO/IEC 27001:2005)	Feb2013-Present 2007-Jan2013	<u>TISCO Group</u> Head of Information Security Management IT Security Specialist <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology

**Remark:** <sup>1/</sup> Including spouse and minor children

**Remark:** <sup>2/</sup> The Shareholder Ordinary General Meeting 2014 has acknowledged the wish not to continue term as a director of Mr. Pichai Chanvirachart,

**Remark:** <sup>6/</sup> and approved the appointment of Mr. Sathit Aungmanee to be new director on April 22, 2014.

## **Attachment 2**

### **Changes in TISCO Shareholdings by Directors and Management**



Changes in TISCO Shareholdings by Directors and Management <sup>/1</sup>

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
1	Mr. Pliu Mangkornkanok	2,221,010	2,221,010	-	-	-	-	0.28
	Including spouse and minor children	-	-	-	-	-	-	0.00
2	Mr. Hon Kit Shing (Mr. Alexander H. Shing)	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
3	Ms. Oranuch Apisaksirikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
4	Assoc. Prof. Dr. Angkarat Priebjivat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
5	Prof. Dr. Pranee Tinakorn	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
6	Ms. Patareeya Benjapolchai	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
7	Ms. Panada Kanokwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
8	Prof. Dr. Teerana Bhongmakapat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
9	Mr. Sathit Aungmanee <sup>2</sup>	100,035	100,035	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
10	Mr. Yasuro Yoshikoshi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
11	Mr. Chi-Hao Sun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
12	Mr. Suthas Ruangmanamongkol	3,333,333	3,333,333	-	-	-	-	0.42
	Including spouse and minor children	-	-	-	-	-	-	0.00
13	Ms. Krisna Theravuthi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
14	Mr. Sakchai Peechapat	66,177	66,177	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
15	Mr. Pitada Vatcharasiritham	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
16	Mr. Metha Pingsuthiwong	195,800	195,800	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
17	Ms. Araya Thirakomen	212,874	212,874	-	-	-	-	0.03
	Including spouse and minor children	-	-	-	-	-	-	0.00
18	Mr. Paiboon Nalinthrangkurn	286,000	286,000	-	-	-	-	0.04
	Including spouse and minor children	-	-	-	-	-	-	0.00
19	Mr. Chalit Silpsrikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	79	79	-	-	-	-	0.00
20	Ms. Yutiga Sonthayanavin	576	576	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
21	Mr. Chatri Chandrangam	30,000	30,000	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
22	Mr. Pairat Srivilairit	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
23	Mr. Watsakorn Thepthim	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
24	Ms. Dulyarat Taveebhol	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
25	Mr. Sathian Leowarin	2,200	2,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
26	Ms. Penjit Taepaisitphongse	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
27	Ms. Suthinee Muangman	100,370	100,370	-	-	-	-	0.01
	Including spouse and minor children	660	660	-	-	-	-	0.00
28	Mr. Kontee Sunthornpradit	13,200	13,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
29	Dr. Kampon Adireksombat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
30	Mr. Kittipong Tiyaboonchai	8,823	8,823	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
31	Mr. Kusumar Prathomsrimek	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
32	Ms. Chintana Voramongkol	13,500	13,500	-	-	-	-	0.00
	Including spouse and minor children	0	0	-	-	-	-	0.00
33	Ms. Jiraporn Sawsukpaiboon	16,544	16,544	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
34	Ms. Chuenchit Trakarnratti	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
35	Ms. Chutintorn Vigasi	13,356	13,356	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
36	Ms. Nudtinee Suwanpanitch	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
37	Mr. Noppawat Tangburanakij	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
38	Ms. Nartrudee Siwabut	126,500	126,500	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
39	Mr. Nipon Wongchotiwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
40	Mr. Prayuk Charoencharaskul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
41	Mr. Pichit Treethephasumphan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
42	Mr. Pisit Piyapasuntra	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
43	Mr. Puvarin Kullaphatkanon	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
44	Mr. Montri Siripanasan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
45	Ms. Maneerat Wattanajak	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
46	Mr. Synn Navamananda	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
47	Ms. Sakornrat Manuwong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year <sup>/1</sup>	As of December 31, 2013	As of December 31, 2014	Increase (Decrease) During the Year	Percentage
48	Mr. Somchat Lapapong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
49	Ms. Suthiprom Areesakulsuk	39,500	39,500	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
50	Ms. Supaporn Aramtiantamrong	67,372	67,372	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
51	Ms. Surang Techarungnirun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
52	Ms. Arayapha Panichprecha	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

Remark: <sup>/1</sup> The change in numbers of shares was due to the exercise of TSRs.

<sup>/2</sup> The Shareholder Ordinary General Meeting 2014 has acknowledged the wish not to continue term as a director of Mr. Pichai Chanvirachart, and approved the appointment of Mr. Sathit Aungmanee to be new director on April 22, 2014.

**Attachment 3**  
**Details of Directors in Subsidiaries**



**Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2014**

Name	Company	Subsidiary									
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. <sup>1</sup>
1 Mr. Pliu Mangkornkanok	X	X	-	-	-	-	-	-	-	-	-
2 Mr. Hon Kit Shing (Mr. Alexander H. Shing)	// VC,NCC	-	-	-	-	-	-	-	-	-	-
3 Ms. Oranuch Apisaksirikul	// CE,GCE	// CE	X	X	-	-	-	//	-	-	-
4 Assoc. Prof. Dr. Angkarat Priebjriwat	/ CAC	/ CAC	-	-	-	-	-	-	-	-	-
5 Prof. Dr. Pranee Tinakorn	/ CNCC	-	-	-	-	-	-	-	-	-	-
6 Ms. Patareeya Benjapolchai	/ CCGC,AC	/ AC	-	-	-	-	-	-	-	-	-
7 Ms. Panada Kanokwat	/ CGC	-	-	-	-	-	-	-	-	-	-
8 Mr. Pichai Chanvirachart <sup>1/2</sup>	/ <sup>1/2</sup> CGC <sup>2</sup>	/ <sup>1/2</sup>	-	-	-	-	-	-	-	-	-
9 Mr. Sathit Aungmanee	/ CGC	/	-	-	-	-	-	-	-	-	-
10 Prof. Dr. Teerana Bhongmakapat	/ AC	/ AC	-	-	-	-	-	-	-	-	-
11 Mr. Yasuro Yoshikoshi	// NCC	//	-	-	-	-	-	-	-	-	-
12 Mr. Chi-Hao Sun (Mr. Howard Sun)	//	//	-	-	-	-	-	-	-	-	-

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

<sup>2</sup> For 2014 shareholders general meeting, Mr. Pichai Chanvirachart has expressed their wish not to continue their term. The shareholders' meeting has elected Mr. Sathit Aungmanee as the Company's Directors, effective from April 22, 2014

## Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2014

Name	Company	Subsidiary									
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. <sup>1</sup>
13 Mr. Suthas Ruangmanamongkol	//	// p <sup>3</sup>	-	-	-	-	-	-	-	-	-
14 Ms. Krisna Theravuthi	A	-	-	-	-	-	-	-	-	-	-
15 Mr. Sakchai Peechapat <sup>/2</sup>	SEVP <sup>/2</sup>	SEVP <sup>/2</sup>	-	-	X	-	-	-	-	X	-
16 Mr. Pitada Vatcharasiritham <sup>/2</sup>	SEVP <sup>/2</sup>	SEVP <sup>/2</sup>	//	-	-	-	-	-	-	-	-
17 Mr. Metha Pingsuthiwong <sup>/2</sup>	FEVP <sup>/2</sup>	FEVP <sup>/2</sup>	-	-	-	-	-	-	-	-	-
18 Ms. Araya Thirakomen <sup>/2</sup>	FEVP <sup>/2</sup>	-	-	// Pr <sup>/2</sup>	-	-	-	-	-	-	-
19 Mr. Paiboon Nalinthrangkurn <sup>/2</sup>	FEVP <sup>/2</sup>	-	// CEO <sup>/2</sup>	-	-	-	-	-	-	-	X
20 Mr. Chalit Silpsrikul <sup>/2</sup>	FEVP <sup>/2</sup>	FEVP <sup>/2</sup>	-	-	-	-	-	-	-	-	-
21 Ms. Yutiga Sonthayanavin	EVP	-	-	-	-	//	-	-	-	-	-
22 Mr. Chatri Chandrangam	EVP	-	//	//	//	//	//	//	-	//	//
23 Mr. Pairat Srivilairit	AEVP	-	-	-	//	//	//	-	-	-	-
24 Mr. Watsakorn Thepthim	DH	-	-	-	-	-	-	// D	//	-	-
25 Ms. Dulyarat Taveebhol	DH	-	//	//	-	-	-	-	-	-	//

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

<sup>2</sup> TISCO Financial Group's management seconded to manage subsidiary companies

## Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2014

Name	Company	Subsidiary									
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. <sup>1</sup>
26 Mr. Sathian Leowarin	DH	-	-	-	-	-	-	-	-	-	-
27 Mrs. Penjit Taepaisitphongse	DH	-	-	-	-	//	-	-	-	-	-
28 Ms. Suthinee Muangman	AD	-	-	-	-	-	-	-	-	-	-
29 Mr. Kontee Sunthornpradit	FH	-	-	-	-	-	-	-	-	-	-
30 Dr. Kampon Adireksombat	FH	-	-	-	-	-	-	-	-	-	-
31 Mr. Kittipong Tiyaboonchai	FH	-	-	-	-	-	-	-	-	-	-
32 Mrs. Kusumar Prathomsrimek	FH	-	-	-	-	-	-	-	-	-	-
33 Mrs. Chintana Voramongkol	FH	-	-	-	-	-	-	-	-	-	-
34 Ms. Jiraporn Sawsukpaiboon	FH	-	-	-	-	-	-	-	-	-	-
35 Ms. Chutintorn Vigasi	FH	-	-	-	-	-	-	-	-	-	-
36 Ms. Chuenchit Trakarnratti	FH	-	-	-	-	-	-	-	-	-	-
37 Ms. Nudtinee Suwanpanitch	FH	-	-	-	-	-	-	-	-	-	-
38 Mr. Noppawat Tangburanakij	FH	-	-	-	-	-	-	-	-	-	-
39 Ms. Nartrudee Siwabut	FH	-	-	-	-	-	-	-	-	-	-
40 Mr. Nipon Wongchotiwat	FH	-	-	-	-	-	-	-	-	-	-
41 Mr. Prayuk Charoencharaskul	FH	-	-	-	-	-	-	-	-	-	-
42 Mr. Pichit Treethephasumphan	FH	-	-	-	-	-	-	-	-	-	-

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

## Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2014

Name	Company	Subsidiary									
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. <sup>1</sup>
43 Mr. Pisit Piyapasuntra	FH	-	-	-	-	-	-	-	-	-	-
44 Mr. Puvarin Kullaphatkanon	FH	-	-	-	-	-	-	-	-	-	-
45 Mr. Montri Siripanasan	FH	-	-	-	-	-	-	-	-	-	-
46 Ms. Maneerat Wattanajak	FH	-	-	-	-	-	-	-	-	-	-
47 Ms. Voranuch Supaibulpirat	FH	-	-	-	-	-	-	-	-	-	-
48 Mr. Synn Navamananda	FH	-	-	-	-	-	-	-	-	-	-
49 Ms. Sakornrat Manuwong	FH	-	-	-	-	-	-	-	-	-	-
50 Mr. Somchat Lapapong	FH	-	-	-	-	-	-	-	-	-	-
51 Ms. Suthipirom Areesakulsuk	FH	-	-	-	-	-	-	-	//	//	-
52 Ms. Supaporn Aramtiantamrong	FH	-	-	-	-	-	-	-	-	-	-
53 Ms. Surang Techarungnirun	FH	-	-	-	-	-	-	-	-	-	-
54 Ms. Arayapha Panichprecha	FH	-	-	-	-	-	-	-	-	-	-

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

Remark : X = Chairperson / = Director // = Executive Director

VC = Vice Chairman

A = Advisor to the Board

AD = Advisor

AEVP = Assistance Executive Vice President

CE = Chairperson of The Executive Board

CNCC = Chairperson of The Nomination and Compensation Committee

NCC = Nomination and Compensation Committee

CAC = Chairperson of The Audit Committee

AC = Audit Committee

CCGC = Chairperson of the Corporate Governance Committee

CGC = Corporate Governance Committee

GCE = Group Chief Executive

P = President of parent company & core company

SEVP = Senior Executive Vice President

FEVP = First Executive Vice President

EVP = Executive Vice President

CEO = Chief Executive Officer

Pr = President of other subsidiary company

D = Director

FH = Function Head

DH = Division Head

- = None

## **Attachment 4**

### **Detail of Head of Internal Audit and Head of Compliance**

Details of Head of Internal Audit and Governance Office Persons as of December 31, 2014

Attachment 4

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding <sup>1</sup> (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
<b>1. Mr. Pairat Srivilairit</b> Corporate Secretary Head of Governance Office	49	Common	-	-	Master of Business Administration Thammasat University Bachelor of Engineering Chulalongkorn University - Certified Internal Auditor (CIA) - Certificate in Control Self-Assessment (CCSA) - Certified Financial Service Auditor (CFSA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Company Secretary Program - Company Reporting Program - Board Reporting Program - Effective Minutes Taking - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring Fraud Risk Management Thai Institute of Directors Association (IOD) - GRI Certified Training on G4 reporting Guidelines Thaipat Institute	Oct2013-Present Sep2013-Present Feb2013-Sep2013 2009-Jan2013 Sep2013-Present Sep2013-Present Sep2013-Present 2011-Present 2010-Present 2010-Present	<i>TISCO Group</i> Head of Governance Office Corporate Secretary Head of Operational Risk Management Head of Internal Audit Director Director Director <i>Others</i> Member of Internal Audit Quality Assurance Committee Member of Internal Audit Development Committee Member of Risk Management Committee	TISCO Financial Group Public Company Limited  TISCO Leasing Company Limited TISCO Information Technology Company Limited Hi-Way Company Limited  Comptroller General's Department Comptroller General's Department Bangkok Metropolitan Administration	Holding Company  Leasing Information Technology Hire Purchase  Government office Government office Government office
<b>2. Ms. Dulyarat Taveebhol</b> Head of Corporate Compliance	57	Common	-	-	Bachelor of Accountancy (Accounting) Thammasat University	Jul2013-Present 2010-Jun2013 2009-2010 Sep2013-Present 2009-Present 2009-Present	<i>TISCO Group</i> Head of Corporate Compliance Assistant Head of Corporate Office Head of Compliance & Internal Control Director Director and Member of the Audit Committee Director and Member of the Audit Committee <i>Others</i> -	TISCO Financial Group Public Company Limited  Deutsche TISCO Investment Advisory Company TISCO Asset Management Company Limited TISCO Securities Company Limited	Holding Company  Investment Advisory Asset Management Securities
<b>3. Ms. Jiraporn Sawsukpaiboon</b> Head of Internal Audit	45	Common	16,544	-	Master of Business Administration Thammasat University Bachelor of Science (Accounting) Kasetsart University - Certified Internal Auditor (CIA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Company Secretary Program - Board Reporting Program - Effective Minutes Taking (EMT) - Anti-Corruption: The Practical Guide Thai Institute of Directors Association (IOD)	Feb2013-Present 2006-Jan2013	<i>TISCO Group</i> Head of Internal Audit Deputy Head of Internal Audit <i>Others</i> -	TISCO Financial Group Public Company Limited	Holding Company

**Remark:** <sup>1</sup> Including spouse and minor children

**Attachment 5**  
**Report of the Audit Committee**



## Report of the Audit Committee

Appointed by the Board of Directors on April 22, 2014, the Audit Committee of TISCO Financial Group Public Company Limited (TISCO) comprises the following three independent directors:

1.	Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson
2.	Ms. Patareeya Benjapholchai	Member
3.	Prof Dr. Teerana Bhongmakapat	Member

During the period from January 1 to April 21, 2014, the Audit Committee of TISCO comprises:

1.	Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson
2.	Ms. Panada Kanokwat	Member
3.	Ms. Patareeya Benjapholchai	Member

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

The Audit Committee convened 13 meetings in Year 2014, all with full committee member's attendance. Major activities performed during the year were as follows:

- **Financial Statements:** Reviewed quarterly and annual financial statements on the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before the dissemination. The Committee agreed with the external auditor that the Company's financial statements and the disclosure of relevant information were adequate and fairly presented in accordance with generally accepted accounting principles.
- **Internal Control and Audit:** Reviewed and assessed internal control system and internal audit works and considered all issues raised by the external auditor and internal audit department. Assessed the independence of internal audit department and approved annual audit plan, strategy, key performance indicators and the Charter of Internal Audit. The Committee opined that the Company's internal control system and internal audit function were appropriate and effective.
- **Regulatory Compliance:** Reviewed and assessed annual compliance plan and reports, compliance activities and status of legal cases and litigations. Acknowledged the results of external examinations by the Bank of Thailand and the Securities and Exchange Commission of Thailand and assessed the Company's corrective actions. The Committee opined that the Company properly followed all necessary rules and regulations as imposed by regulatory authorities.
- **External Auditor:** Reviewed and assessed the independence of the external auditor as well as the overall scope and the focus of the annual and interim audit. Selected and nominated the external auditor to the Board of Directors for further recommendation to the shareholders for approval. Considered the independence, professional proficiency, performance, and appropriateness of the audit fee, the Committee proposed the appointment of Ms. Ratana Jala of EY Office Limited as the Auditor of the Company and its subsidiaries for the Year 2014.
- **Transactions with Related Parties and Conflicts of Interests:** Reviewed and assessed related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations. The Committee agreed with the external auditor that the transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewed and assessed the management's presentation on the effectiveness of risk management system, capital adequacy, operational risk management and fraud risk management. The Committee was satisfied with the Company's risk management system.
- **Audit Committee Self Assessment:** Performed self assessment by comparing the Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices. The results revealed that the Committee have carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee, relevant laws and regulations, and as delegated by the Board of Directors.

*Angkarat Priebjrivat*

(Assoc. Prof. Dr. Angkarat Priebjrivat)  
Chairperson of the Audit Committee  
February 10, 2015

**Attachment 6**

**Report of the Nomination and Compensation Committee**

### Report of the Nomination and Compensation Committee

The Nomination and Compensation Committee of TISCO 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.

The Committee consists of three non-management directors and is chaired by an independent director. Currently, the Committee members are as follows.

- |                              |  |
|------------------------------|--|
| 1. Prof. Dr. Pranee Tinakorn | Chairperson of the Nomination and Compensation Committee |
| 2. Mr. Hon Kit Shing         | Member of the Nomination and Compensation Committee      |
| 3. Mr. Yasuro Yoshikoshi     | Member of the Nomination and Compensation Committee      |

In 2014, the Committee convened five meetings to carry out the following activities:

1. Acknowledging and proposing the results of the Board Performance Self-assessment for the year 2013 to the Board of Directors for ratification and recommending the Board the corrective action to be implemented to enhance board performance,
2. Adopting the Board Performance Self-Assessment Guideline and Questionnaires for the year 2014 which provided the board an opportunity to reflect on how well the board fulfilled its responsibilities and to identify opportunities for continuous improvement that will increase the board's overall performance and enhance the board's relationship with management,
3. Evaluating and proposing the results of the Group Chief Executive Performance for the year 2013 to the Board of Directors for acknowledgement and adopting the Group Chief Executive Performance Assessment Questionnaires for the year 2014,
4. Reviewing and recommending the Guideline for Board Composition and Selection Criteria for TISCO Group to the Board of Directors for approval,
5. 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 Shareholder Ordinary General Meeting for approval,
6. Reviewing and ensuring the directors' remuneration to be commensurable with their performance and benchmarking with the industry and recommending to the Board of Directors to further recommend to the Shareholders Ordinary General Meeting for approval,
7. Recommending the appointment of Chairman and Vice Chairman of the Board of Directors and other committees namely Executive Board, Audit Committee, Nomination and Compensation Committee including Advisor to the Board of Directors,
8. Recommending the appointment of new directors for replacement of TISCO and/or TISCO Bank and the amendment to the authorized signatories of TISCO and TISCO Bank to the Board of Directors for approval,
9. Reviewing Top Management's Succession Plan and recommending the reinstatement of the Chief Operating Officer (COO) position and the formalization of the Management Committee (MC) to the Board of Directors for approval,
10. Reviewing the Charter of the Nomination and Compensation Committee,
11. Acknowledging the activities of Human Resource Committee and approving change in Provident Fund Contribution, and
12. Approving the incentive pay and bonus appropriation for management and staff for the year 2014 and approving the allocation of Employee Synthetic Stock Options.

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

*Pranee Tinakorn*

(Prof. Dr. Pranee Tinakorn)

Chairperson  
The Nomination and Compensation Committee  
December 15, 2014

**Attachment 7**

**Report of the Corporate Governance Committee**

### Report of the Corporate Governance Committee

According to the Charter of the Corporate Governance Committee ("the Committee") approved by the Board, the Committee is responsible to set and review Corporate Governance Policies and Code of Conduct, oversee the practice of the Board of Directors, Board committees, and the Management in compliance with the Corporate Governance Principles and Policies, Code of Conduct, and related laws and regulations.

The Committee also maintains checks and balances between the Board of Directors and the Management, protects shareholders' rights and ensures equitable treatment being provided, and develops corporate governance system for the benefits of shareholders and other stakeholders of TISCO.

The Corporate Governance Committee also promotes and supports good corporate governance in integrity, transparency, independence, accountability, responsibility, and fairness, which will serve the best interests of shareholders and other stakeholders of TISCO

The Committee consists of three non- executive board members of TISCO Financial Group Public Company Limited. From April 22, 2014 to December 31, 2014, the Committee members are as follows.

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

From January 1, 2014 to April 21, 2014, the Committee members are as follows.

- |                                   |   |
|-----------------------------------|---|
| 1. Ms. Patareeya Benjapolchai     | Chairperson of the Corporate Governance Committee |
| 2. Mr. Pichai Chanvirachart       | Member of the Corporate Governance Committee      |
| 3. Prof. Dr. Teerana Bhongmakapat | Member of the Corporate Governance Committee      |
| 4. Mr. Sathit Aungmanee           | Advisor to the Committee                          |

In 2014, the Committee convened seven meetings to carry out the following activities:

1. Assessing TISCO Corporate Governance practices, TISCO Code of Conduct, and related laws and regulations,
2. Reviewing result of corporate governance assessment by outside agencies and make recommendation to the Board of Directors. of TISCO, for examples the report from the Stock Exchange of Thailand (SET) and Thai Institute of Directors Association (Thai IOD),
3. Recommending the applicable corporate governance practices to the Board of Directors and Management,
4. Reviewing TISCO Corporate Governance Policy, TISCO Governance Structure and TISCO Code of Conduct,
5. Discussing with Chairman of the Board of Directors, Independent Directors and Group CEO, and acquiring Top Managements' opinion relating to corporate governance issues,
6. Recommending the revision of TISCO Corporate Governance Policy, TISCO Governance Structure and TISCO Code of Conduct to the Board of Directors, and
7. Reviewing and concurring the Corporate Governance Committee Plan.

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

(Ms. Patareeya Benjapolchai)  
Chairperson  
The Corporate Governance Committee  
February 6, 2015

## **Attachment 8**

### **Evaluation of the Sufficiency of Internal Control System**

**Internal Control System Assessment Questionnaire**

**TISCO Financial Group Public Company Limited**

**February 16, 2015**

**This questionnaire was completed by the TISCO Financial Group Plc.'s Board of Directors. It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.**

**Internal Control Assessment Questionnaire****Background and Objectives**

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

**Use of Questionnaire**

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.



<b>Control Environment</b>
----------------------------

**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.	/	

Question	Yes	No
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.	/	

Question	Yes	No
10.2 The organization has written internal control measures that appropriately covers its activities such as policies and procedures relating to the financial transactions, procurement process and other administrations which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud such as the determination of authority level of the management in each level, capital expenditures approval process, procurement and vendor selection process, transactional recording, approval process, requisition and disbursement process etc. by arranging the processes for the following cases 10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions. 10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	/	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	/	
10.4 Management considers control activities at various levels in the entity.	/	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	/	

**11. The organization selects and develops general control activities over technology to support the achievement of objectives.**

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	/	
11.2 The organization should have a proper control on IT infrastructure.	/	
11.3 The organization should have a proper IT security system.	/	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	/	

**12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.**

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	/	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	/	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	/	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	/	
12.5 The organization defines roles and responsibilities for its management and employees to carryout policies and processes.	/	

Question	Yes	No
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.	/	

<b>Information &amp; Communication</b>
--

**13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.**

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	/	
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	/	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	/	
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	/	
13.5 The organization should document sufficient information in the board of directors' minute of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	/	
13.6 The organization has proper 13.6.1 Document retention process to ensure completeness and filing of all important document. 13.6.2 Control 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 to external parties 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.	/	

<b>Monitoring Activities</b>
------------------------------

**16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.**

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	/	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	/	
16.3 Management varies frequency of evaluation depending on changing condition.	/	
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	/	
16.5 Internal audit department has direct reported line to audit committee.	/	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	/	

**17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.**

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	/	
17.2 The organization develop policies for reporting the control deficiency including:		
17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis.	/	
17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee.	/	
17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	/	

**Attachment 9**

**Statement of the Board of Directors' Responsibility for Financial Statements  
and Auditor's Report and Financial Statements**

### **Statement of the Board of Directors' Responsibility for Financial Statements**

The Board of Directors of TISCO Financial Group Public Company Limited is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and best accounting estimates. All material information has been sufficiently disclosed in the notes to financial statements. These financial statements also have been made in compliance with the stipulations of the Notification of the Bank of Thailand, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The financial statements have been audited and expressed with unqualified audit opinion by an independent auditor, which reflected fair and transparent financial position and operating performance that is useful information for shareholders and general investors.

The Board of Directors has established effective risk management and internal control systems to ensure that the reliability and completeness of financial information are in place, with the ability to protect the Company's assets, as well as identifying the weaknesses of operation in order to adequately prevent operational risk.

In this regard, the Board of Directors has appointed the Audit Committee, comprising independent directors, to oversee qualitative aspects of financial reporting and internal control systems. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this annual report.

The Board of Directors views that the Company's internal control systems are satisfactory and provide reasonable assurance as to the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of December 31, 2014.

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

*Oranuch Apisaksirikul*  
(Ms. Oranuch Apisaksirikul)  
Group Chief Executive



TISCO Financial Group Public Company Limited  
and its subsidiary companies  
Report and consolidated financial statements  
31 December 2014

## **Independent Auditor's Report**

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Emphasis of matter**

I draw attention to Note 1.3 and 1.4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Financial Reporting Standard prior to the effective dates. The Company has restated the consolidated financial statements for the year ended 31 December 2013, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented herein, as comparative information, consolidated statement of financial position as at 1 January 2013 applying the newly adopted accounting policies. My opinion is not qualified in respect of this matter.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 10 February 2015

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2014**

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	
	Note	2014	2013	2013	2014	2013
			(Restated)			
<b>Assets</b>						
Cash		1,180,482	1,130,971	1,046,297	70	70
Interbank and money market items - net	3.2	38,057,993	53,214,350	31,177,538	529,181	510,072
Derivatives assets	3.3	-	28,220	41,863	-	-
Investments - net	3.4, 3.8	14,795,457	11,489,593	7,015,515	843,774	763,957
Investments in subsidiaries and joint venture - net	3.5	207,228	157,283	124,580	19,370,029	16,923,874
Loans to customers and accrued interest receivables	3.6, 3.8					
Loans to customers		286,017,305	314,332,796	268,268,767	3,154,300	3,986,000
Accrued interest receivables		572,383	535,851	352,769	-	-
Total loans to customers and accrued interest receivables		286,589,688	314,868,647	268,621,536	3,154,300	3,986,000
Less: Deferred revenue		(23,233,476)	(27,918,134)	(24,461,207)	-	-
Less: Allowance for doubtful accounts	3.7	(6,950,423)	(6,331,224)	(5,098,907)	-	-
Less: Allowance for loss on debt restructuring		-	-	(3)	-	-
Loans to customers and accrued interest receivables - net		256,405,789	280,619,289	239,061,419	3,154,300	3,986,000
Property foreclosed - net	3.8, 3.9	120,905	124,757	271,133	-	-
Investment properties	3.10	17,267	16,856	304	778,245	783,170
Premises and equipment - net	1.5, 3.11	2,483,759	2,456,855	1,321,404	663,751	629,039
Intangible assets - net	3.12	324,927	111,964	126,709	89,997	56,952
Deferred tax assets	3.30	296,074	245,383	306,126	110,157	108,845
Securities and derivatives business receivables - net		1,819,258	1,546,662	2,223,792	-	-
Dividend receivable from subsidiaries		-	-	-	1,693,238	1,457,244
Other assets	3.13	1,964,366	2,264,128	3,215,305	190,777	155,560
<b>Total assets</b>		<b>317,673,505</b>	<b>353,406,311</b>	<b>285,931,985</b>	<b>27,423,519</b>	<b>25,374,783</b>

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 2014

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	
	Note	2014	2013	2013	2014	2013
			(Restated)			
<b>Liabilities and shareholders' equity</b>						
<b>Liabilities</b>						
Deposits	3.14	205,383,788	264,642,177	219,824,303	-	-
Interbank and money market items - net	3.15	10,897,493	12,182,921	9,673,297	-	-
Liability payable on demand		399,916	344,864	652,310	-	-
Payable under securities borrowing		-	-	163	-	-
Derivatives liabilities	3.3	40,729	310,945	-	-	-
Debts issued and borrowings	3.16	65,406,219	43,083,619	27,877,250	7,669,400	6,128,000
Provision for long-term employee benefits	3.17	403,572	332,602	321,743	85,823	71,836
Deferred tax liabilities	3.30	30,155	144,962	116,315	-	-
Securities and derivatives business payables		1,250,067	1,511,017	1,523,645	-	-
Accrued interest payable		1,129,253	1,688,431	1,758,073	40,712	36,756
Income tax payable		566,574	457,100	428,307	30,373	73,364
Other liabilities	3.18	6,342,046	5,653,318	5,505,994	1,098,690	1,021,863
<b>Total liabilities</b>		<b>291,849,812</b>	<b>330,351,956</b>	<b>267,681,400</b>	<b>8,924,998</b>	<b>7,331,819</b>

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 2014

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Note	31 December 2014	31 December 2013 (Restated)	1 January 2013	31 December 2014	31 December 2013
<b>Shareholders' equity</b>						
Share capital	5					
Registered						
33,858 preference shares of Baht 10 each (1 January 2013: 372,287,914 shares of Baht 10 each)		339	339	3,722,879	339	339
800,669,437 ordinary shares of Baht 10 each (1 January 2013: 727,912,086 shares of Baht 10 each)		8,006,694	8,006,694	7,279,121	8,006,694	8,006,694
		<u>8,007,033</u>	<u>8,007,033</u>	<u>11,002,000</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up						
33,558 preference shares of Baht 10 each (31 December 2013: 33,858 shares of Baht 10 each)		336	339	339	336	339
800,621,925 ordinary shares of Baht 10 each (31 December 2013: 800,621,625 shares of Baht 10 each) (1 January 2013: 727,878,228 shares of Baht 10 each)		8,006,219	8,006,216	7,278,782	8,006,219	8,006,216
		<u>8,006,555</u>	<u>8,006,555</u>	<u>7,279,121</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium						
Share premium on preference shares		-	-	-	295	298
Share premium on ordinary shares		1,018,408	1,018,408	-	7,031,228	7,031,225
		<u>1,018,408</u>	<u>1,018,408</u>	<u>-</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of shareholders' equity		1,680,354	1,570,190	1,040,375	217,292	158,104
Retained earnings						
Appropriated-statutory reserve		596,300	496,200	405,200	596,300	496,200
Unappropriated		14,429,068	11,895,567	9,471,665	2,646,851	2,350,582
Equity attributable to owners of the Company		<u>25,730,685</u>	<u>22,986,920</u>	<u>18,196,361</u>	<u>18,498,521</u>	<u>18,042,964</u>
Non-controlling interest of the subsidiaries		93,008	67,435	54,224	-	-
<b>Total shareholders' equity</b>		<u>25,823,693</u>	<u>23,054,355</u>	<u>18,250,585</u>	<u>18,498,521</u>	<u>18,042,964</u>
<b>Total liabilities and shareholders' equity</b>		<u>317,673,505</u>	<u>353,406,311</u>	<u>285,931,985</u>	<u>27,423,519</u>	<u>25,374,783</u>

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



Mrs. Oranuch Apisaksirikul  
(Group Chief Executive, TISCO Group)



บริษัท ทีเอสซีไฟแนนเชียล กรุ๊ป จำกัด (มหาชน)  
TISCO Financial Group Public Company Limited

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013
Interest income	3.22	18,890,867	18,960,910	137,379	174,064
Interest expenses	3.23	(9,351,077)	(10,144,033)	(226,747)	(221,293)
<b>Net interest income</b>		9,539,790	8,816,877	(89,368)	(47,229)
Fee and service income		5,187,250	5,416,910	-	-
Fee and service expenses		(211,639)	(225,837)	(18,244)	(14,318)
<b>Net fee and service income</b>	3.24	4,975,611	5,191,073	(18,244)	(14,318)
Net gains on trading and foreign exchange transactions	3.25	27,612	74,647	3,949	56,800
Net gains on investments	3.26	263,716	353,774	-	-
Share of profit from investments accounted for under equity method	3.5.2	52,129	45,689	-	-
Dividend income		96,930	99,090	1,693,238	1,459,449
Penalty fee income from loans		344,030	283,731	-	-
Income from business promotion relating to the hire purchase business		268,333	736,858	-	-
Intercompany supporting fee income	3.34	-	-	1,549,850	1,563,477
Other operating income	3.28	55,638	53,298	66,327	86,396
<b>Total operating income</b>		15,623,789	15,655,037	3,205,752	3,104,575
Expense from business promotion relating to the hire purchase business		274,765	900,370	-	-
<b>Total net operating income</b>		15,349,024	14,754,667	3,205,752	3,104,575
<b>Operating expenses</b>					
Employee's expenses		3,550,195	3,419,752	646,117	751,414
Directors' remuneration		13,240	13,095	13,240	12,615
Premises and equipment expenses		919,076	883,767	344,498	338,303
Taxes and duties		224,003	216,170	1,715	1,619
Other operating expenses	3.29	898,432	732,381	119,055	90,888
<b>Total operating expenses</b>		5,604,946	5,265,165	1,124,625	1,194,839
Bad debt, doubtful accounts and impairment losses	3.27	4,426,460	4,140,603	-	-
<b>Profit from operating before income tax expenses</b>		5,317,618	5,348,899	2,081,127	1,909,736
Income tax expenses	3.30	1,043,443	1,040,706	80,400	91,019
<b>Profit for the year</b>		4,274,175	4,308,193	2,000,727	1,818,717

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 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013
<b>Other comprehensive income</b>	<b>3.31</b>				
Losses arising from translating the financial statements of a foreign operation		-	(81,795)	-	-
Gains (losses) on valuation in available-for-sale investments	3.20	184,533	(397,546)	75,868	(105,580)
Actuarial gains (losses)		(28,716)	12,984	(5,713)	3,670
Gains (losses) on revaluation of assets	3.21	(27,000)	1,176,123	-	288,745
Share of other comprehensive income of joint venture:					
Actuarial gains (losses) of joint venture		(443)	55	-	-
Cash flow hedges of joint venture		(2,117)	(11,067)	-	-
Income tax effect	3.30, 3.32	(29,399)	(158,508)	(14,031)	(37,367)
<b>Other comprehensive income for the year</b>		<b>96,858</b>	<b>540,246</b>	<b>56,124</b>	<b>149,468</b>
<b>Total comprehensive income for the year</b>		<b>4,371,033</b>	<b>4,848,439</b>	<b>2,056,851</b>	<b>1,968,185</b>
<b>Profit attributable to</b>					
Equity holders of the Company	3.33	4,249,515	4,249,050	2,000,727	1,818,717
Non-controlling interests of the subsidiaries		24,660	59,143		
		<u>4,274,175</u>	<u>4,308,193</u>		
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		4,345,059	4,790,562	2,056,851	1,968,185
Non-controlling interests of the subsidiaries		25,974	57,877		
		<u>4,371,033</u>	<u>4,848,439</u>		
<b>Earnings per share of equity holders of the Company</b>					
Basic earnings per share	3.33	<u>5.31</u>	<u>5.55</u>	<u>2.50</u>	<u>2.37</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 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013
<b>Cash flows from operating activities</b>				
Profit before income tax	5,317,618	5,348,899	2,081,127	1,909,736
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	230,494	274,984	74,987	86,552
Bad debts and doubtful accounts	5,642,990	5,011,222	-	-
Share of profit from investments accounted for under equity method	(52,129)	(45,689)	-	-
Reversal of allowance for impairment of investments	(13,058)	(4,987)	-	-
Reversal of allowance for impairment of property foreclosed	(67)	(17)	-	-
Gain on disposal of investments in securities	(262,848)	(351,862)	-	-
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	17,467	(51,436)	(3,949)	(56,800)
Gain on disposal of equipment	(6,140)	(5,443)	(216)	(925)
Loss on written-off of equipment	1,759	-	-	-
Loss on written-off intangible assets	5,282	-	-	-
Gain on changes in value of investment properties	(412)	(16,850)	-	(18,899)
Gain on disposal of property foreclosed	(22,841)	(5,789)	-	-
Employee benefit expenses	65,002	47,651	11,969	8,217
Decrease (increase) in accrued income	(22,658)	66,325	(23,688)	14,651
Increase in accrued expenses	167,932	348,623	64,141	294,042
Net interest income	(9,539,790)	(8,816,877)	89,368	47,230
Dividend income	(96,930)	(99,090)	(1,693,238)	(1,459,449)
Cash received on interest income	18,639,189	18,546,588	137,553	174,014
Cash paid on interest expenses	(8,626,107)	(8,976,177)	(222,790)	(215,624)
Cash received on dividend income	100,930	97,295	1,457,244	1,834,859
Cash paid on income tax expenses	(1,129,610)	(739,873)	(138,733)	(121,854)
Profit from operating activities before changes in operating assets and liabilities	10,416,073	10,627,497	1,833,775	2,495,750
Operating assets (increase) decrease				
Interbank and money market items	15,151,442	(22,032,922)	(19,109)	55,912
Loans to customers	15,236,649	(48,818,894)	831,700	(145,000)
Securities and derivative business receivables	(272,596)	677,130	-	-
Receivables from clearing house	(20,527)	(135,450)	-	-
Property foreclosed	3,138,099	2,899,962	-	-
Other assets	337,517	721,070	-11,703	-42,977

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 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013
Operating liabilities increase (decrease)				
Deposits	(59,258,389)	44,817,874	-	-
Interbank and money market items	(1,285,429)	2,509,624	-	(200,000)
Liability payable on demand	55,052	(307,446)	-	-
Securities and derivative business payables	(260,950)	(12,628)	-	-
Short-term debts issued and borrowings	23,922,600	15,317,069	1,541,400	(183,631)
Payable to clearing house	554,382	(553,494)	-	-
Provision for long-term employee benefits	(22,749)	(23,807)	(3,696)	(3,797)
Other liabilities	(1,100,336)	(736,404)	12,686	(16,666)
<b>Net cash flows from operating activities</b>	<b>6,590,838</b>	<b>4,949,181</b>	<b>4,185,053</b>	<b>1,959,591</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(28,880,497)	(16,643,600)	-	-
Cash received from disposal of investment in securities held for investment	26,038,728	12,186,959	-	-
Cash paid for purchase of equipment	(230,236)	(180,334)	(74,948)	(22,589)
Cash paid for purchase of intangible assets	(274,208)	(49,012)	(62,912)	(36,306)
Cash received from disposal of equipment	6,180	13,978	256	1,307
Cash paid for share capital increase of subsidiaries	-	-	(2,446,155)	(1,901,980)
<b>Net cash flows used in investing activities</b>	<b>(3,340,033)</b>	<b>(4,672,009)</b>	<b>(2,583,759)</b>	<b>(1,959,568)</b>
<b>Cash flows from financing activities</b>				
Cash received from issuance of long-term debentures	2,400,000	1,243,000	-	-
Cash paid for the redemption of long-term debentures	(4,000,000)	(1,353,700)	-	-
Dividend paid	(1,601,294)	(1,745,845)	(1,601,294)	(1,745,845)
Cash received from increase in share capital	-	1,745,842	-	1,745,842
<b>Net cash flows used in financing activities</b>	<b>(3,201,294)</b>	<b>(110,703)</b>	<b>(1,601,294)</b>	<b>(3)</b>
<b>Exchange differences on translation of financial statements</b>	<b>-</b>	<b>(81,795)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash</b>	<b>49,511</b>	<b>84,674</b>	<b>-</b>	<b>20</b>
Cash at beginning of the year	1,130,971	1,046,297	70	50
<b>Cash at end of the year</b>	<b>1,180,482</b>	<b>1,130,971</b>	<b>70</b>	<b>70</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transaction				
Revaluation adjustment of assets	-	1,176,123	-	288,745

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Thousand Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
Other components of shareholders' equity																
	Note	Issued and paid-up		Share premium on ordinary shares	Other comprehensive income			Share of other comprehensive income of joint venture	Exchange differences on translation of financial statements in foreign currency	Adjustment from business combination of entities under common control under holding restructuring plan	Total other components of shareholders' equity	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
		Preference shares	Ordinary shares		Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Cash flow hedges					Appropriated	Unappropriated			
<b>Balance as at 31 December 2012</b>																
- as previously reported		339	7,278,782	-	278,407	-	907	-	81,795	679,266	1,040,375	405,200	9,471,665	18,196,361	183,889	18,380,250
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	1.4	-	-	-	-	-	(907)	907	-	-	-	-	-	-	(129,665)	(129,665)
<b>Balance as at 31 December 2012</b>																
- after restated		339	7,278,782	-	278,407	-	-	907	81,795	679,266	1,040,375	405,200	9,471,665	18,196,361	54,224	18,250,585
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	-	(1,745,845)	(1,745,845)	-	(1,745,845)
Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	-	-	91,000	(91,000)	-	-	-
Issue ordinary shares		-	727,434	1,018,408	-	-	-	-	-	-	-	-	-	1,745,842	-	1,745,842
Total comprehensive income for the year		-	-	-	(320,435)	940,899	-	(8,854)	(81,795)	-	529,815	-	4,260,747	4,790,562	57,877	4,848,439
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(44,666)	(44,666)
<b>Balance as at 31 December 2013</b>																
- after restated		339	8,006,216	1,018,408	(42,028)	940,899	-	(7,947)	-	679,266	1,570,190	496,200	11,895,567	22,986,920	67,435	23,054,355
<b>Balance as at 31 December 2013</b>																
- as previously reported		339	8,006,216	1,018,408	(42,028)	940,899	(7,947)	-	-	679,266	1,570,190	496,200	11,895,567	22,986,920	231,138	23,218,058
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	1.4	-	-	-	-	-	7,947	(7,947)	-	-	-	-	-	-	(163,703)	(163,703)
<b>Balance as at 31 December 2013 - after restated</b>																
- after restated		339	8,006,216	1,018,408	(42,028)	940,899	-	(7,947)	-	679,266	1,570,190	496,200	11,895,567	22,986,920	67,435	23,054,355
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)	-	(1,601,294)
Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	-	-	100,100	(100,100)	-	-	-
Total comprehensive income for the year		-	-	-	143,508	(21,600)	-	(1,694)	-	-	120,214	-	4,224,845	4,345,059	25,974	4,371,033
Transferred surplus on revaluation of assets to retained earnings		-	-	-	-	(10,050)	-	-	-	-	(10,050)	-	10,050	-	-	-
Preference shares converted to ordinary shares		(3)	3	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(401)	(401)
<b>Balance as at 31 December 2014</b>																
- after restated		336	8,006,219	1,018,408	101,480	909,249	-	(9,641)	-	679,266	1,680,354	596,300	14,429,068	25,730,885	93,008	25,823,893

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Thousand Baht)

		Separate financial statements									
		Other components of shareholders' equity									
		Other comprehensive income									
		Issued and paid-up		Share premium		Surplus (deficit) on	Surplus on	Total other	Retained earnings		
Note		Preference	Ordinary	Preference	Ordinary	change in value of	revaluation of	of shareholder's	Appropriated	Unappropriated	Total
		shares	shares	shares	shares	investments	assets	equity			
	<b>Balance as at 1 January 2013</b>	339	7,278,782	298	6,012,817	11,571	-	11,571	405,200	2,365,775	16,074,782
	Dividend paid	4	-	-	-	-	-	-	-	(1,745,845)	(1,745,845)
	Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	91,000	(91,000)	-
	Issue ordinary shares		-	727,434	-	1,018,408	-	-	-	-	1,745,842
	Total comprehensive income for the year		-	-	-	(84,463)	230,996	146,533	-	1,821,652	1,968,185
	<b>Balance as at 31 December 2013</b>	<b>339</b>	<b>8,006,216</b>	<b>298</b>	<b>7,031,225</b>	<b>(72,892)</b>	<b>230,996</b>	<b>158,104</b>	<b>496,200</b>	<b>2,350,582</b>	<b>18,042,964</b>
	<b>Balance as at 1 January 2014</b>	339	8,006,216	298	7,031,225	(72,892)	230,996	158,104	496,200	2,350,582	18,042,964
	Dividend paid	4	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)
	Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	100,100	(100,100)	-
	Total comprehensive income for the year		-	-	-	60,694	-	60,694	-	1,996,157	2,056,851
	Transfer surplus on revaluation of assets		-	-	-	-	(1,506)	(1,506)	-	1,506	-
	to retained earning		-	-	-	-	-	-	-	-	-
	Preference shares converted to ordinary shares		(3)	3	(3)	3	-	-	-	-	-
	<b>Balance as at 31 December 2014</b>	<b>336</b>	<b>8,006,219</b>	<b>295</b>	<b>7,031,228</b>	<b>(12,198)</b>	<b>229,490</b>	<b>217,292</b>	<b>596,300</b>	<b>2,646,851</b>	<b>18,498,521</b>

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 2014**

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

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011.

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.

The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

**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) 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.
- c) The financial statements of the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.

- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated into Baht using the exchange rate prevailing on the end of reporting period, and the revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

### 1.3 New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

**(b) Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. The management of the Company and its subsidiaries believes that they will not have any significant impact on the financial statements for the year in which they are adopted. However, some of these financial reporting standard will result in changes to key principles, and the management of the Company and its subsidiaries has elected to early adopt 5 TFRS as follows:

## **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 10 requires companies to reassess their investments in order to reach a conclusion as to whether they have control over those investments. The Company consequently changed its conclusion as a result of the reassessment of its investment in TISCO Tokyo Leasing Company Limited as of the date that TFRS 10 was initially adopted from presenting it as an investment in a subsidiary to presenting it as a joint venture company because it does not meet the definition of control specified in TFRS 10. As a result, TISCO Tokyo Leasing Company Limited has been a joint venture company since December 2008, which is when the Company acquired the investment. The reason for this assessment is that the Company does not have absolute control over the joint venture company. In addition, the remaining 49% voting rights are held by another major shareholder and the Company has entered into a shareholders' agreement with the major shareholder to make collective decisions concerning the business operations. Therefore, considering the requirements of TFRS 10, the Company has deconsolidated TISCO Tokyo Leasing Company Limited from its consolidated financial statements for the year 2014 and restated the consolidated financial statements for the year 2013, presented as comparative information. The amounts of the adjustments affecting the financial statements are presented in notes to the financial statements no.1.4.

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.



### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

In addition to the five above Thai Financial Reporting Standards adopted by the Company prior to the effective date, there are also other new and revised standards that have changes in principles. The management of the Company and its subsidiaries has assessed the effect of these standards on the financial statements for the years when they are initially applied as follows:

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries financial statements.

#### 1.4 Cumulative effect of changes in accounting policies due to the adoption of new financial reporting standard

During the current year, the Company and its subsidiaries made the changes described in Note 1.3 to the financial statements to its significant accounting policies, as a result of the early adoption of TFRS 10.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)					
	As at 31 December 2014		As at 31 December 2013		As at 1 January 2013	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>						
Increase in investment in joint venture	207,228	73,245	157,283	73,245	124,580	73,245
Decrease in investments in subsidiaries	-	73,245	-	73,245	-	73,245
Decrease in loans to customers and accrued interest receivables - net	7,574,672	-	5,712,877	-	4,485,506	-
Decrease in interbank and money market items - net (liabilities)	5,936,558	-	4,519,771	-	4,297,311	-
Decrease in debts issued and borrowings	1,000,000	-	1,000,000	-	-	-
Decrease in non-controlling interests in subsidiaries	215,687	-	163,703	-	129,665	-

	(Unit: Thousand Baht)			
	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>				
Profit or loss:				
Increase in share of profit from investments accounted for under equity method		52,129	-	45,689
Decrease in net operating income		170,341	-	146,533
Decrease in other operating expenses		78,564	-	75,015
Other comprehensive income:				
Decrease in share of other comprehensive income of joint venture		2,560	-	11,012
Profit attributable to				
Decrease in non-controlling interests		54,257	-	47,553
Total comprehensive income attributable to				
Decrease in non-controlling interests		52,126	-	38,384

Such changes in accounting policies have no effect on profit attributable to equity holders of the Company in the consolidated financial statements.

## 1.5 Change in accounting estimation and the recording of depreciation of revalued assets

At the end of 2013, the Company and its subsidiaries changed its accounting policy regarding measurement of premises and equipment as it relates to office condominiums, switching from the previously applied cost model to the revaluation model, and at the same time had the useful lives of its office condominiums estimated by an independent professional appraiser. In this regard, effective from 1 January 2014, the Company and its subsidiaries have changed remaining useful lives of office condominiums from 4 - 15 years to 20 years in order to align 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	Increase (decrease) in basic earnings per share	Increase (decrease) in profit after tax	Increase (decrease) in basic earnings per share
	(Thousand Baht)	(Baht per share)	(Thousand Baht)	(Baht per share)
For the year 2014	33,697	0.042	2,821	0.004
For the year 2015	33,697	0.042	2,821	0.004
For the year 2016	33,697	0.042	2,821	0.004
For the year 2017	30,664	0.038	2,821	0.004
For the years 2018 - 2033	(131,754)	(0.165)	(11,285)	(0.014)

The effect of the change in the accounting policy of the Company and its subsidiaries regarding measurement of premises and equipment as it relates to office condominiums, from the previously applied cost model to the revaluation model to the consolidated financial statements and separated financial statements for the year 2014 is to decrease profit after tax by approximately Baht 21 million and increase profit after tax by approximately Baht 1 million, respectively, and decrease basic earnings per share by Baht 0.0257 per share and increase basic earnings per share by Baht 0.0006 per share, respectively. The changes were the result of increasing value of the asset base used for determining depreciation to fair value.

The net effect of the change from the previously applied cost model to the revaluation model and in the estimations of useful lives to the consolidated financial statements and separated financial statements for the year 2014 is to increase profit after tax by approximately Baht 13 million and Baht 3 million, respectively, and increase basic earnings per share by Baht 0.0164 per share and Baht 0.0042 per share, respectively.

## 1.6 Significant accounting policies

### 1.6.1 Income recognition

#### a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase, financial lease and auto cash income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for corporate loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For other loans accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and after that interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue for more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an accrual basis when the overdue amounts are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred income and taken up as income evenly throughout the term of the notes or loans.

#### b) Interest and dividends on investment in securities

Interest on investment in securities is recognised as income on an accrual basis. Dividends on investment in securities are recognised as income when the right to receive the dividends is established.

#### c) Brokerage fees

Brokerage fees on securities and derivatives trading are recognised as income on the transaction dates.

#### d) Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

#### e) Fee and service income

Fee and service income are recognised as income on an accrual basis.

### 1.6.2 Expense recognition

#### a) Interest expenses

Interest expenses are charged to expense on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

#### b) Commissions and direct expenses of the hire purchase business

The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2007, by the effective interest rate method, and deduct them from deferred revenue over the installment period to reflect the effective rate of return of hire purchase agreements, and record as expenses when occurred for hire purchase contract originated before 1 January 2007.

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

### 1.6.3 Securities purchased under resale agreements according to private repurchase transactions

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

Under securities purchase under resale agreements according to private repurchase transactions, the subsidiary company operating banking business obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

Differences between the acquisition price and the selling price are recognised on an accrual basis over the term of the transaction by the effective interest method, and are presented as interest income.

#### 1.6.4 Investments

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any). Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within the period stipulated in the Bank of Thailand's regulations.
- g) The Company and its subsidiaries does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the Company and its subsidiaries do not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager according to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

- i) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and other investments are recognised in profit or loss.
- j) The weighted average method is used for computation of the cost of investments.
- k) In the event the Company and its subsidiaries reclassifies 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 shareholders' equity, depending on the type of investment that is reclassified.
- l) Purchases and sales of investments are recorded on settlement date.

#### 1.6.5 Investments in receivable purchased or transferred in

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

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

#### 1.6.6 Receivable from Clearing House/Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net derivatives balance payable to Thailand Clearing House.

#### 1.6.7 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are deducted from loans to customers.

Hire purchase and financial 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 contract and advances received from financial lease receivable.

#### 1.6.8 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.

#### 1.6.9 Allowance for doubtful accounts and losses from troubled debt restructuring

- a) The subsidiary company operating banking business provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand (“BOT”) and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans to customers classified as pass and special mention, except for hire purchase receivables that are classified as pass and special mention, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivable, respectively.

For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, except for non-performing hire purchase receivables, the subsidiary company records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT’s Notifications.



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

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- e) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to bad debt and doubtful accounts in the period of recovery.

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

#### 1.6.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company in cash accounts for securities trading and derivative trading is recorded as an asset of the subsidiary company for the customers' position for internal control purposes. At the financial statement date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

#### 1.6.12 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.

#### 1.6.13 Property foreclosed

Property foreclosed represents assets transferred in respect of loans and hire purchase receivables on which the debtors have defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transfer date, not exceeding the legally claimable amount of outstanding debt) or net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating banking business is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notifications of the Bank of Thailand and the management's estimates.

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

#### 1.6.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised (if any).

#### 1.6.15 Premises and equipment/Depreciation

Land is stated at cost. Office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company and its subsidiaries' assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of office condominiums and equipment is calculated by reference to their costs or fair values on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

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

Leased assets under operating lease agreements - according to the period of lease agreement

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

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

No depreciation is provided on land and assets under installation.

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

#### 1.6.16 Intangible assets

The Company and its subsidiaries initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries reviewed the amortisation period and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Company and its subsidiaries amortised over the following estimated useful lives:

- |   |   |
|---|---|
| The license agreements with specified number of years of usage    | - according to the period 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                            |

### 1.6.17 Income tax

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

#### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Company and its subsidiaries recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company and its subsidiaries will generate future taxable profits that will be available against which such deductible deferred tax assets can be utilised. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences.

Deferred tax assets/liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax legislation that have been enacted at the end of each reporting period.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

At the end of each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### 1.6.18 Impairment of assets

The Company and its subsidiaries assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

#### 1.6.19 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retain control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

#### 1.6.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of each reporting period.

Gains and losses on exchange are included in determining income.

## 1.6.21 Employee benefits

### ***Short-term employee benefits***

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expense 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 parent company's share price. The Company and its subsidiaries record this expense and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting period and any increase or decrease in the expense according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

### ***Post-employment benefits and other long-term employee benefits***

#### *Defined contribution plans*

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

#### *Defined benefit plans and other long-term employee benefits*

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

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

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

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



### 1.6.22 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### 1.6.23 Derivatives and hedge accounting

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

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

The subsidiary documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiary also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in shareholders’ equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in profit or loss.

#### 1.6.24 Financial instruments

##### a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, securities and derivatives business receivable, receivable from clearing house, loans to customers and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivative business payables and payable to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 3.39 to the financial statements.

##### b) Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction.

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using the rates used for financial instruments with similar features.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, securities and derivative business payables and payable to clearing house, the carrying amounts in the financial statement approximate their fair value.
- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

- Loans to customers and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans to customers carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is derived from the quoted market price, or based on generally accepted pricing models when no market price is available.

#### 1.6.25 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 1.6.26 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 estimate. Significant judgements and estimates are as follows:

##### ***Recognition and derecognition of assets and liabilities***

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### ***Allowance for doubtful accounts for loans to customers***

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

### ***Fair value of financial instruments***

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### ***Impairment of investments***

The Company and its subsidiaries treat available-for-sale securities and general investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

### ***Investment properties***

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 3.10.

### ***Premises and equipment/Depreciation***

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the income approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### ***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### ***Post-employment benefits under defined benefit plans and other long-term employee benefits***

The obligation under the defined benefit plan and other long-term employee benefits plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate.

### ***Leases***

In determining whether a lease is to be classified as an operating lease or financial lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### ***Litigation***

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of each reporting period.

### ***Consolidation and deconsolidation of subsidiaries***

In preparation of the consolidated financial statements, the management is required to make judgement whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

## **2. General information**

### **2.1 The Company's information**

TISCO Financial Group Public Company Limited ("the Company") is a holding company and is the parent company of TISCO Group. Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

### **2.2 Share capital**

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Company pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Company does not declare dividend payment to the ordinary shareholders, the Company may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Company has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

### **2.3 Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

### **2.4 Directors' remuneration**

Directors' remuneration represents the benefits paid to the Company and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, and related benefits payable to directors who hold executive positions.

## 2.5 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

The Company has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, which are reference to the terms and price as charged to other customers.

## 3. Supplemental information

### 3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2014 and 2013 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	
			2014	2013
<b><u>Subsidiaries directly held by the Company</u></b>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.97	99.97
<b><u>Subsidiaries indirectly held by the Company</u></b>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00
TISCO Securities Hong Kong Limited (in the process of liquidation)	Securities business	China-Hong Kong	100.00	100.00

In October 2013, the subsidiary operating banking business received the return of capital from the dissolution of TISCO Securities Hong Kong Limited amounting to Baht 40 million and TISCO Securities Hong Kong Limited already completed the liquidation in January 2015.

### 3.2 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
	2014			2013 (Restated)		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions Development Fund	1,788,596	-	1,788,596	3,121,140	800,000	3,921,140
Commercial banks	417,037	31,946,178	32,363,215	288,679	45,189,504	45,478,183
Specialised financial institutions	92	3,875,557	3,875,649	761	3,778,884	3,779,645
Total	2,205,725	35,821,735	38,027,460	3,410,580	49,768,388	53,178,968
Add: Accrued interest	13,811	15,197	29,008	11,886	26,459	38,345
Less: Allowance for doubtful accounts	-	-	-	-	(3,000)	(3,000)
Total domestic	2,219,536	35,836,932	38,056,468	3,422,466	49,791,847	53,214,313
<u>Foreign</u>						
Hong Kong dollar	35	-	35	30	-	30
US dollar	1,490	-	1,490	7	-	7
Total foreign	1,525	-	1,525	37	-	37
Total domestic and foreign	2,221,061	35,836,932	38,057,993	3,422,503	49,791,847	53,214,350

(Unit: Thousand Baht)

Separate financial statements as at 31 December						
	2014			2013		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	529,065	-	529,065	509,783	-	509,783
Total	529,065	-	529,065	509,783	-	509,783
Add: Accrued interest	116	-	116	289	-	289
Total domestic	529,181	-	529,181	510,072	-	510,072

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2014	2013	
	Cash at banks of local subsidiary	10	



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

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at 31 December	
	2014	2013
	Commercial bank	34,400

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	Fair value of securities received as collateral as at 31 December	
	2014	2013
	Commercial bank	34,218

### 3.3 Derivative

#### Trading Derivative

The subsidiary company operating banking business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loan to customers, as follows:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at 31 December					
	2014			2013		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	5,219	3,296,300	-	310,945	3,315,434
Interest rate	-	35,510	1,200,000	28,220	-	2,274,303
Total	-	40,729	4,496,300	28,220	310,945	5,589,737

All counter parties of these derivative transactions are financial institutions.

### 3.4 Investments

#### 3.4.1 Classified by type of investment

(Unit: Thousand Baht)		
Consolidated financial statements		
as at 31 December		
	2014	2013
		(Restated)
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	12,060,173	5,637,810
Private sector debt securities	811,472	938,819
Domestic marketable equity securities	604,417	658,492
Other securities - domestic unit trusts	28,141	27,604
Other securities - foreign unit trusts	843,774	763,957
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale investments</b>	<b>14,346,517</b>	<b>8,025,222</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Government and state enterprise securities	-	3,000,000
Investment in receivables	17,816	33,872
Less: Allowance for impairment	(17,394)	(17,722)
<b>Total held-to-maturity debt securities</b>	<b>422</b>	<b>3,016,150</b>
<b>General investments - cost</b>		
Domestic non-marketable equity securities	493,479	494,050
Less: Allowance for impairment	(44,961)	(45,829)
<b>Total general investments</b>	<b>448,518</b>	<b>448,221</b>
<b>Investments - net</b>	<b>14,795,457</b>	<b>11,489,593</b>

(Unit: Thousand Baht)		
Separate financial statements		
as at 31 December		
	2014	2013
<b>Available-for-sale investments - fair value</b>		
Other securities - foreign unit trusts	843,774	763,957

In August 2014, TISCO Bank reclassified part of its investment portfolio, transferring certain long-term held-to-maturity debt securities to short-term available-for-sale securities at the fair value at the transfer date, to bring them in line with the Bank's liquidity management strategy. The amortised cost of the transferred debt securities at the transfer date was approximately Baht 3,001 million. TISCO Bank recorded the difference between this amortised cost and the fair value, amounting to Baht 73 million, as unrealised gain on transfer of investment portfolio and presented it under shareholders' equity in the statement of financial position. TISCO Bank disposed of Baht 2,960 million of these investments, with a realised gain of Baht 72 million. The balance of unrealised gain as at 31 December 2014 was Baht 1 million.

### 3.4.2 Classified by remaining period to maturity of the debt securities

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
2014				2013				
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	
<b>Available-for-sale investments</b>								
Government and state								
enterprise securities	11,087	973	-	12,060	5,435	203	-	5,638
Private sector debt securities	1	810	-	811	31	907	-	938
<b>Total</b>	<b>11,088</b>	<b>1,783</b>	<b>-</b>	<b>12,871</b>	<b>5,466</b>	<b>1,110</b>	<b>-</b>	<b>6,576</b>
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
<b>Total</b>	<b>11,087</b>	<b>1,783</b>	<b>-</b>	<b>12,870</b>	<b>5,465</b>	<b>1,110</b>	<b>-</b>	<b>6,575</b>
<b>Held-to-maturity debt securities</b>								
Government and state								
enterprise securities	-	-	-	-	-	3,000	-	3,000
Investment in receivables	13	5	-	18	32	2	-	34
Less: Allowance for impairment	(12)	(5)	-	(17)	(18)	-	-	(18)
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>14</b>	<b>3,002</b>	<b>-</b>	<b>3,016</b>
<b>Total debt securities</b>	<b>11,088</b>	<b>1,783</b>	<b>-</b>	<b>12,871</b>	<b>5,479</b>	<b>4,112</b>	<b>-</b>	<b>9,591</b>

### 3.4.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2014	2013	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	1,758	Pledged 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 2014		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

<sup>(1)</sup> Allowance for changes in value of investment is calculated at cost less collateral value.

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2013		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

<sup>(1)</sup> Allowance for changes in value of investment is calculated at cost less collateral value.

### 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					
	2014			2013		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
<b>Services:</b>						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	5,707	-	10	5,707	-	10
PDTL Trading Co., Ltd.	5,894	-	10	6,925	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
<b>Real estate:</b>						
UMI Property Co., Ltd.	4,110	-	10	4,647	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	17,358	-	10	17,083	-	10

### 3.5 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
Investments in subsidiaries	-	-	19,296,784	16,850,629
Investment in joint venture	207,228	157,283	73,245	73,245
	207,228	157,283	19,370,029	16,923,874

### 3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investments as at		Percentage of holding		Investment value - cost		Dividend received for the	
		31 December		as at 31 December		method as at 31 December		years ended 31 December	
		2014	2013	2014	2013	2014	2013	2014	2013
<b>Subsidiaries directly held by the Company</b>				(%)	(%)	(Restated)		(Restated)	
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	15,195	1,106	655
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	150	458
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	400	309
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	17	15
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	20	20
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.97	99.97	1	1	-	-
						19,406	16,960	1,693	1,457
	Less: Allowance for impairment					(109)	(109)		
	Investment in subsidiaries - net					19,297	16,851		

### 3.5.2 Investment in joint venture

#### A. Details of investment in joint venture:

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

(Unit: Thousand Baht)

		Consolidated financial statements					
Jointly controlled entity	Nature of business	Shareholding percentage as at 31 December		Cost as at 31 December		Carrying amounts based on equity method as at 31 December	
		2014 (%)	2013 (%)	2014	2013 (Restated)	2014	2013 (Restated)
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	207,228	157,283

(Unit: Thousand Baht)

		Separate financial statements							
Jointly controlled entity	Nature of business	Shareholding percentage as at 31 December		Cost as at 31 December		Allowance for impairment of investment as at 31 December		Carrying amounts based on cost method as at 31 December	
		2014 (%)	2013 (%)	2014	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

#### B. Share of profit/loss and dividend received

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

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements		Separate financial statements	
	Share of profit/loss from investment in joint venture during the year		Dividend received during the year	
	2014	2013	2014	2013
TISCO Tokyo Leasing Co., Ltd.	52,129	45,689	-	2,205

### C. Summarised financial information of jointly controlled entity

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:

(Unit: Million Baht)

	As at		
	31 December 2014	31 December 2013	1 January 2013
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	20	22	16
Current portion of receivables	2,268	1,606	1,560
Other current assets	49	216	138
<b>Total current assets</b>	<b>2,337</b>	<b>1,844</b>	<b>1,714</b>
Non-current assets:			
Receivables - net of current portion	5,309	4,099	2,916
Other non-current assets	167	72	60
<b>Total non-current assets</b>	<b>5,476</b>	<b>4,171</b>	<b>2,976</b>
<b>Total assets</b>	<b>7,813</b>	<b>6,015</b>	<b>4,690</b>
<u>Liabilities</u>			
Current liabilities:			
Short-term loans from financial institutions	5,220	4,090	3,170
Current portion of long-term loans from financial institutions	426	215	726
Other current liabilities	307	132	87
<b>Total current liabilities</b>	<b>5,953</b>	<b>4,437</b>	<b>3,983</b>
Non-current liabilities:			
Long-term loans from financial institutions - net of current portion	1,291	1,207	398
Other non-current liabilities	146	50	55
<b>Total non-current liabilities</b>	<b>1,437</b>	<b>1,257</b>	<b>453</b>
<b>Total liabilities</b>	<b>7,390</b>	<b>5,694</b>	<b>4,436</b>
<b>Net assets</b>	<b>423</b>	<b>321</b>	<b>254</b>
The Company's proportionate of shareholding	49%	49%	49%
Carrying amounts based on equity method	207	157	125



	(Unit: Million Baht)	
	For the year ended 31 December	
	2014	2013
Finance lease and hire purchase income	353	311
Other income	43	42
Total revenues	396	353
Depreciation and amortisation	24	26
Interest expenses	168	160
Other expenses	71	51
Total expenses	263	237
Profit before income tax expenses	133	116
Income tax expenses	(27)	(23)
Profit for the year	106	93
Share of profit from investment under equity method	52	46

#### D. Commitments and contingent liabilities of joint venture

##### Avals, guarantees and commitments

	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Cross currency swap agreements	692	343

### 3.6 Loans to customers and accrued interest receivables

#### 3.6.1 Classified by loans to customers type

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2014	2013
		(Restated)
<b>Loans to customers</b>		
Loans	76,978,228	80,719,897
Hire purchase receivables	208,226,729	232,791,241
Financial lease receivables	1,077,970	1,044,972
Less: Deferred revenue	(23,233,476)	(27,918,134)
Advances received from financial lease receivables	(265,622)	(223,314)
Total loans to customers	262,783,829	286,414,662
Add: Accrued interest receivables	572,383	535,851
Less: Allowance for doubtful accounts	(6,950,423)	(6,331,224)
Loans to customers and accrued interest receivables - net	256,405,789	280,619,289

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2014	2013
<b>Loans to customers</b>		
Loans	3,154,300	3,986,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	<u>3,154,300</u>	<u>3,986,000</u>

### 3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December

	2014			2013 (Restated)		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	259,487,529	-	259,487,529	283,133,302	-	283,133,302
US Dollars	-	3,296,300	3,296,300	-	3,281,360	3,281,360
Total loans to customers net of deferred revenue	<u>259,487,529</u>	<u>3,296,300</u>	<u>262,783,829</u>	<u>283,133,302</u>	<u>3,281,360</u>	<u>286,414,662</u>

(Unit: Thousand Baht)

Separate financial statements as at 31 December

	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	3,154,300	-	3,154,300	3,986,000	-	3,986,000
Total loans to customers net of deferred revenue	<u>3,154,300</u>	<u>-</u>	<u>3,154,300</u>	<u>3,986,000</u>	<u>-</u>	<u>3,986,000</u>

### 3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Subsidiary company operating banking business						Other subsidiaries	Total
	Special			Doubtful				
	Pass	mention	Sub-standard	Doubtful	of loss	Total		
Agricultural and mining	678,918	4,782	1,925	-	-	685,625	-	685,625
Manufacturing and commerce	26,649,756	4,418,127	82,187	68,003	22,557	31,240,630	-	31,240,630
Real estate and construction	12,581,620	121,227	33,574	21,681	14,989	12,773,091	-	12,773,091
Public utilities and services	30,290,942	542,126	147,555	40,706	51,002	31,072,331	-	31,072,331
Personal consumption								
Hire purchase	141,491,289	15,130,448	2,595,705	1,737,303	388,553	161,343,298	4,362,953	165,706,251
Auto cash loan	13,237,195	1,121,072	253,833	84,965	12,087	14,709,152	379,192	15,088,344
Housing loans	1,163,235	51,545	22,652	22,019	51,366	1,310,817	-	1,310,817
Others	4,146,317	511,022	129,270	82,407	37,724	4,906,740	-	4,906,740
Total loans to customers	230,239,272	21,900,349	3,266,701	2,057,084	578,278	258,041,684	4,742,145	262,783,829
Add: Accrued interest receivables	315,385	212,121	-	-	-	527,506	44,877	572,383
Total loans to customers and accrued interest receivables	230,554,657	22,112,470	3,266,701	2,057,084	578,278	258,569,190	4,787,022	263,356,212

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013

	Subsidiary company operating banking business						Other subsidiaries	Total
	Special			Doubtful			(Restated)	
	Pass	mention	Sub-standard	Doubtful	of loss	Total		
Agricultural and mining	1,441,228	71,195	23,157	2,795	-	1,538,375	-	1,538,375
Manufacturing and commerce	38,468,365	538,751	140,002	39,767	16,035	39,202,920	-	39,202,920
Real estate and construction	11,749,451	152,775	25,901	10,997	11,912	11,951,036	-	11,951,036
Public utilities and services	31,235,584	630,004	97,881	78,089	1,777	32,043,335	-	32,043,335
Personal consumption								
Hire purchase	160,187,190	14,723,922	2,584,821	824,665	66,641	178,387,239	5,036,171	183,423,410
Auto cash loan	12,707,215	948,514	188,453	27,427	822	13,872,431	552,065	14,424,496
Housing loans	1,302,535	56,425	2,355	9,294	57,583	1,428,192	-	1,428,192
Others	2,230,065	124,769	23,695	2,860	21,509	2,402,898	-	2,402,898
Total loans to customers	259,321,633	17,246,355	3,086,265	995,894	176,279	280,826,426	5,588,236	286,414,662
Add: Accrued interest receivables	272,962	220,093	-	-	-	493,055	42,796	535,851
Total loans to customers and accrued interest receivables	259,594,595	17,466,448	3,086,265	995,894	176,279	281,319,481	5,631,032	286,950,513

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

(Unit: Million Baht)

	As at 31 December					
	2014			2013		
	Loans to customers and accrued interest receivables	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>	Loans to customers and accrued interest receivables	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>
Provision under BOT's guideline						
- Pass	230,555	207,633	1,822	259,595	235,950	3,259
- Special mention	22,112	17,843	2,494	17,466	17,189	1,121
- Sub-standard	3,267	3,242	1,073	3,086	3,083	944
- Doubtful	2,057	2,033	623	996	988	279
- Doubtful of loss	578	524	177	176	107	63
Allowance established in excess	-	-	191	-	-	109
<b>Total</b>	<b>258,569</b>	<b>231,275</b>	<b>6,380</b>	<b>281,319</b>	<b>257,317</b>	<b>5,775</b>

<sup>(1)</sup> 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 financial lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

<sup>(2)</sup> As at 31 December 2014, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 2,826 million (As at 31 December 2013: total of Baht 2,345 million). TISCO Bank allocated Baht 2,635 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2013: total of Baht 2,236 million) and so combined with the minimum provision requirement of Baht 3,554 million (As at 31 December 2013: total of Baht 3,430 million), the total provision set aside in accordance with BOT requirements is Baht 6,189 million (As at 31 December 2013: total of Baht 5,666 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables <sup>(1)</sup>		Other loans <sup>(2)</sup>	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
Pass	0.58	0.58	1	1
Special mention	3.84	4.67	2	2
Sub-standard	23.24	22.95	100	100
Doubtful	23.39	23.13	100	100
Doubtful of loss	23.33	22.75	100	100

<sup>(1)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(2)</sup> These percentages are the rates used to set aside up allowance for doubtful accounts in accordance with the BOT's minimum requirement.

### 3.6.5 Hire purchase and financial lease receivables

As at 31 December 2014, net receivables of the subsidiaries under hire purchase and financial lease agreements amount to Baht 186,036 million (31 December 2013: Baht 205,919 million) and mostly comprise hire purchase agreements for cars, and financial lease agreements for machine 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 2014					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	66,902	129,550	4,746	8,107	209,305
Less: Deferred revenue*	(9,289)	(11,508)	(38)	(2,168)	(23,003)
Advances received from financial lease receivables	(119)	(146)	-	(1)	(266)
Present value of minimum lease pay from agreements	57,494	117,896	4,708	5,938	186,036
Allowance for doubtful accounts**					(3,285)
Net hire purchase and financial lease receivables					182,751

\* Net of deferred commissions and deferred direct expenses incurred at the initiation of hire purchase.

\*\* These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning the provisions in exceed of BOT's minimum requirement to specific provisions for an individual debtor.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013 (Restated)					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	69,394	150,929	7,216	6,297	233,836
Less: Deferred revenue*	(10,719)	(14,901)	(225)	(1,848)	(27,693)
Advances received from financial lease receivables	(42)	(181)	-	(1)	(224)
Present value of minimum lease pay from agreements	58,633	135,847	6,991	4,448	205,919
Allowance for doubtful accounts**					(3,181)
Net hire purchase and financial lease receivables					202,738

\* Net of deferred commissions and deferred direct expenses incurred at the initiation of hire purchase.

\*\* These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning the provisions in exceed of BOT's minimum requirement to specific provisions for an individual debtor.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup> as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2014	2013	2014	2013
Loans to customers for which the recognition of interest income has ceased <sup>(1)</sup>	7,308	5,328	11,494	5,328

<sup>(1)</sup> These amounts are calculated on an account by account basis.

<sup>(2)</sup> Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

(Unit: Million Baht)

Other subsidiaries	As at 31 December	
	2014	2013
Hire purchase receivables, financial lease receivables and other loans receivables for which the recognition of interest income has been ceased	793	749 (Restated)

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	
	2014	2013
Deferred revenue <sup>(1)</sup>	23,233	27,918 (Restated)

<sup>(1)</sup> These amounts included deferred revenue of hire purchase and finance lease contracts which are stated net of commissions and direct expenses incurred at the initiation of hire purchase.

### 3.6.8 Troubled debt restructuring of a subsidiary company operating banking business

	For the years ended 31 December	
	2014	2013
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	2,657	133
Loan balances before restructuring (Million Baht)	981	138
Loan balances after restructuring (Million Baht)	981	138
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	5	4
Mortgage loan receivables	3	2
Auto cash loan receivables	4	-

Supplemental information for the years ended 31 December 2014 and 2013 relating to the restructured debts is as follows.

	(Unit: Million Baht)	
	For the years ended 31 December	
	2014	2013
Interest income on restructured receivables	60	32
Receipt of principal and interest	366	217

As at 31 December 2014 and 2013, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors as follows.

	(Unit: Million Baht)			
	As at 31 December			
	2014		2013	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	2,767	1,152	545	390

### 3.7 Allowance for doubtful accounts

#### 3.7.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,411,073	1,250,788	1,086,758	377,493	96,161	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	(1,453,621)	1,375,573	1,337,125	3,864,061	443,052	81,800	5,647,990
Bad debt written-off	(3,533)	(26,917)	(1,215,399)	(3,507,484)	(275,458)	-	(5,028,791)
Balance - end of year	1,953,919	2,599,444	1,208,484	734,070	263,755	190,751	6,950,423

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013 (Restated)

	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,936,329	1,112,046	631,044	177,401	238,647	3,440	5,098,907
Increase in allowance for doubtful accounts during the year	476,202	175,311	1,191,378	2,806,117	252,271	105,511	5,006,790
Bad debt written-off	(1,458)	(36,569)	(735,664)	(2,606,025)	(394,757)	-	(3,774,473)
Balance - end of year	3,411,073	1,250,788	1,086,758	377,493	96,161	108,951	6,331,224

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,058,468	3,163,805	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	968,218	4,597,972	81,800	5,647,990
Bad debt written-off	(533,715)	(4,495,076)	-	(5,028,791)
Balance - end of year	3,492,971	3,266,701	190,751	6,950,423

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013 (Restated)

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,232,973	2,862,494	3,440	5,098,907
Increase in allowance for doubtful accounts during the year	1,317,417	3,583,862	105,511	5,006,790
Bad debt written-off	(491,922)	(3,282,551)	-	(3,774,473)
Balance - end of year	3,058,468	3,163,805	108,951	6,331,224



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

(Unit: Million Baht)

	As at 31 December	
	2014	2013
	Non-performing loans to customers	5,902
Allowance for doubtful accounts	1,873	1,285

## 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 <sup>(1)</sup>	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
	Debt instruments - debentures <sup>(2)</sup>	1	1	-	-	1
Equity instruments - ordinary shares <sup>(3)</sup>	6	6	-	-	6	6

<sup>(1)</sup> Allowance for possible loss is determined based on the investment cost less collateral value.

<sup>(2)</sup> Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

<sup>(3)</sup> Investments in securities of companies which are vulnerable to delisting, of companies of whose auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

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

As at 31 December 2014 and 2013, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customer <sup>(1)</sup>		Investments in securities		Investments in receivables		Property foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Pass	264,939	307,922	-	-	-	-	-	-	264,939	307,922
Special mention	21,900	17,246	-	-	-	-	-	-	21,900	17,246
Sub-standard	3,267	3,086	-	-	-	-	-	-	3,267	3,086
Doubtful	2,057	996	-	-	-	-	-	-	2,057	996
Doubtful of loss	578	176	46	47	17	18	18	18	659	259
<b>Total</b>	<b>292,741</b>	<b>329,426</b>	<b>46</b>	<b>47</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>292,822</b>	<b>329,509</b>

<sup>(1)</sup> Loans to customer include investment in debt securities under resale agreements of other commercial banks and loan to financial institutions (which are presented as part of interbank and money market items-asset in the statement of financial position).

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

(Unit: Million Baht)

	Debt balance		Net amount used for setting the allowance for doubtful accounts <sup>(1)</sup>		Percentage of allowance for doubtful account set up <sup>(2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013
					(%)	(%)		
Pass	159,758	180,736	159,758	180,736	0.58	0.58	933	1,049
Special mention	16,071	15,660	16,071	15,660	3.84	4.67	616	732
Sub-standard	2,826	2,777	2,826	2,777	23.24	22.95	657	637
Doubtful	1,840	922	1,840	922	23.39	23.13	430	213
Doubtful of loss	459	69	459	69	23.33	22.75	107	16
<b>Total</b>	<b>180,954</b>	<b>200,164</b>	<b>180,954</b>	<b>200,164</b>			<b>2,743</b>	<b>2,647</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(3)</sup> These allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

### 3.8.4 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified in accordance with the Bank of Thailand's guidelines

(Unit: Million Baht)

	Debt balance		Allowance for doubtful account		Debt balance - net	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
		(Restated)		(Restated)		(Restated)
Pass	3,118	3,898	132	151	2,986	3,747
Special mention	776	984	105	130	671	854
Sub-standard	318	353	136	143	182	210
Doubtful	276	270	110	99	166	171
Doubtful of loss	254	83	87	33	167	50
<b>Total</b>	<b>4,742</b>	<b>5,588</b>	<b>570</b>	<b>556</b>	<b>4,172</b>	<b>5,032</b>

### 3.9 Property foreclosed

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
<b>Acquisition of assets for debt repayment</b>		
<b>Immovable assets</b>		
<u>Appraisal by an external appraiser</u>		
Balance - beginning of year	3,404	239,700
Transfer type of appraiser	-	(48,272)
Disposals	-	(188,024)
Balance - end of year	3,404	3,404
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	73,725	25,453
Transfer type of appraiser	-	48,272
Additions	83	-
Disposals	(6,728)	-
Balance - end of year	67,080	73,725
Total property foreclosed - Immovable assets	70,484	77,129
<b>Movable assets</b>		
Balance - beginning of year	65,808	25,578
Additions	6,445,795	4,822,600
Disposals	(6,443,081)	(4,782,370)
Balance - end of year	68,522	65,808
Total property foreclosed	139,006	142,937
Less: Allowance for impairment		
Balance - beginning of year	18,180	18,198
Increase	369	918
Decrease	(448)	(936)
Balance - end of year	18,101	18,180
Total Property foreclosed - net	120,905	124,757

### 3.10 Investment properties

The book value of investment properties as at 31 December 2014 and 2013 is as follows.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Book value - beginning of year	16,856	304	783,170	764,271
Transfer type of asset	-	-	(4,925)	-
Gain from fair value adjustment	411	16,850	-	18,899
Others	-	(298)	-	-
Book value - end of year	<u>17,267</u>	<u>16,856</u>	<u>778,245</u>	<u>783,170</u>

The investment property is an office condominium for rent and stated at fair value at the end of 2014. The fair value of investment properties was calculated by the asset appraisal method based on the income approach. The income approach was made by the present value calculation of discounted cash flows on expected cash inflows, expected cash outflows, occupancy rate, capitalisation rate, discount rate and other relevant factors. These asset appraisal approach also made reference to data of assets in the market that are similar and comparable to the appraisal assets, taking into account past operation results and forecast returns of the appraisal assets, market demand and supply and other factors that would affect to the asset value. These valuations were made by in-house appraisers of the Bank who have professional experiences and are capable of the asset appraisal, and were based on the assets appraisal standard and professional ethics in Thailand.

### 3.11 Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis				Assets for operating lease agreements	
	Operating assets	Operating assets			Computer and equipment	Total	
Building, office condominium and building improvements	Land	Building, office condominium and building improvements	Furniture fixtures computer and equipment	Motor vehicles	Computer and equipment	Total	
<b>Cost:</b>							
As at 31 December 2012 (Restated)	-	17,509	2,288,596	911,855	130,965	19	3,348,944
Additions/transfers in	1,320,127	-	78,028	74,361	27,945	-	1,500,461
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	(344,250)
Surplus on revaluation	1,176,123	-	-	-	-	-	1,176,123
Disposals/written-off/transfers out	-	-	(1,583,804)	(5,894)	(14,991)	(19)	(1,604,708)
As at 31 December 2013 (Restated)	2,152,000	17,509	782,820	980,322	143,919	-	4,076,570
Additions/transfers in	-	-	77,136	128,557	24,543	-	230,236
Adjustment item	(27,000)	-	-	-	-	-	(27,000)
Disposals/written-off/transfers out	-	-	(21,852)	(89,408)	(17,825)	-	(129,085)
As at 31 December 2014	2,125,000	17,509	838,104	1,019,471	150,637	-	4,150,721
<b>Accumulated depreciation:</b>							
As at 31 December 2012 (Restated)	-	-	1,155,137	790,411	81,975	17	2,027,540
Depreciation for the year	-	-	104,235	85,602	21,092	-	210,929
Depreciation on transfers in	344,250	-	-	-	-	-	344,250
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	(344,250)
Depreciation on disposals/written-off/transfers out	-	-	(599,253)	(4,859)	(14,625)	(17)	(618,754)
As at 31 December 2013 (Restated)	-	-	660,119	871,154	88,442	-	1,619,715
Depreciation for the year	38,704	-	47,108	64,112	24,607	-	174,531
Depreciation on disposals/written-off transfers out	-	-	(20,567)	(88,934)	(17,783)	-	(127,284)
As at 31 December 2014	38,704	-	686,660	846,332	95,266	-	1,666,962
<b>Net book value:</b>							
As at 31 December 2012 (Restated)	-	17,509	1,133,459	120,518	49,916	2	1,321,404
As at 31 December 2013 (Restated)	2,152,000	17,509	122,701	109,168	55,477	-	2,456,855
As at 31 December 2014	2,086,296	17,509	151,444	173,139	55,371	-	2,483,759
<b>Depreciation for years ended 31 December:</b>							
2013 (Restated)							210,929
2014							174,531

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis		
	Office condominium and building improvements	Office condominium and building improvements	Furniture, fixtures and equipment	Motor vehicles	Total
<b>Cost:</b>					
As at 1 January 2013	-	353,323	145,367	58,132	556,822
Additions/transfers in	313,088	1,123	19,052	2,414	335,677
Transfer accumulated depreciation to deduct cost	(30,136)	-	-	-	(30,136)
Surplus on revaluation	288,745	-	-	-	288,745
Disposals/written-off/transfers out	-	(344,950)	(258)	(1,670)	(346,878)
As at 31 December 2013	571,697	9,496	164,161	58,876	804,230
Additions/transfers in	4,924	184	71,857	2,907	79,872
Disposals/written-off/transfers out	-	-	(593)	(620)	(1,213)
As at 31 December 2014	576,621	9,680	235,425	61,163	882,889
<b>Accumulated depreciation:</b>					
As at 1 January 2013	-	57,319	94,885	24,346	176,550
Depreciation for the year	-	14,175	36,064	11,751	61,990
Depreciation on transfers in	30,136	-	-	-	30,136
Transfer accumulated depreciation to deduct cost	(30,136)	-	-	-	(30,136)
Depreciation on disposals	-	(61,998)	(47)	(1,304)	(63,349)
As at 31 December 2013	-	9,496	130,902	34,793	175,191
Depreciation for the year	10,714	59	22,598	11,749	45,120
Depreciation on disposals/transfers out	-	-	(593)	(580)	(1,173)
As at 31 December 2014	10,714	9,555	152,907	45,962	219,138
<b>Net book value:</b>					
As at 31 December 2013	571,697	-	33,259	24,083	629,039
As at 31 December 2014	565,907	125	82,518	15,201	663,751
<b>Depreciation for the years ended 31 December:</b>					
2013					61,990
2014					45,120

As at 31 December 2013, the Company and its subsidiaries reviewed and changed their accounting policy regarding measurement of premises and equipment as it relates to office condominiums, switching from the previously applied cost model to the revaluation model, which presents the fair value of the assets at the appraisal date. The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium on 11 November 2013, using the Income Approach. The change in the accounting policy on the measurement of office condominiums was adopted on a prospective basis. Therefore, depreciation of the office condominium for the year 2013 is calculated based on the cost model. Depreciation will be calculated based on the revalued amounts as from the beginning of the year 2014. However, the change in accounting policy would not have had a material impact on net profit for the year had the new policy been adopted since the beginning of the year.

Had the office condominiums been carried in the financial statements based on the cost model, their net book value as at 31 December 2014 and 2013 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
Office condominiums - net of accumulated depreciation	943,852	975,877	274,115	282,952

### 3.12 Intangible assets

The book value of intangible assets as at 31 December 2014 and 2013 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Computer software	Computer software
As at 31 December 2014:		
Cost	992,444	276,498
Less: Accumulated amortisation	(667,517)	(186,501)
Net book value	324,927	89,997
As at 31 December 2013:		
Cost	724,472	213,586
Less: Accumulated amortisation	(612,508)	(156,634)
Net book value	111,964	56,952

A reconciliation of net book value of intangible assets for the years ended 31 December 2014 and 2013 is presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2014	2013	2014	2013
Net book value at beginning of year	111,964	126,709	56,952	45,208
Acquisitions of computer software	274,208	49,012	62,912	36,306
Disposals of computer software	(5,282)	-	-	-
Amortisation	(55,963)	(63,757)	(29,867)	(24,562)
Book value at end of year	<u>324,927</u>	<u>111,964</u>	<u>89,997</u>	<u>56,952</u>

### 3.13 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
		(Restated)		
Receivables from clearing house	292,043	271,516	-	-
Value added tax - net	366,442	423,514	1,043	1,086
Accrued interest receivables	61,426	53,518	-	-
Fee and charge receivables	233,573	210,915	97,688	74,000
Refundable income tax and prepaid income tax	24,368	21,302	-	-
Deposits	82,097	46,637	34,080	4,080
Other receivables	496,197	595,223	-	8,025
Dividend receivables	-	4,000	-	-
Other assets	<u>408,220</u>	<u>637,503</u>	<u>57,966</u>	<u>68,369</u>
Total other assets	<u>1,964,366</u>	<u>2,264,128</u>	<u>190,777</u>	<u>155,560</u>



### 3.14 Deposits

#### 3.14.1 Classified by type of deposits

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
		(Restated)
Deposits		
Current accounts	2,917,435	2,482,325
Savings accounts	49,606,051	40,751,442
Fixed accounts		
- not over 6 months	22,613,265	12,917,074
- over 6 months but not over 1 year	1,034,917	20,938,222
- over 1 year	313,129	201,249
Certificates of deposit/negotiable certificates of deposit	128,898,991	187,351,865
Total	<u>205,383,788</u>	<u>264,642,177</u>

#### 3.14.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
		(Restated)
Not over 1 year*	204,878,240	264,154,235
Over 1 year	505,548	487,942
Total deposits	<u>205,383,788</u>	<u>264,642,177</u>

\*Including fully-mature deposit contract

3.14.3 As at 31 December 2014 and 2013, all outstanding deposits are deposits from domestic depositors and in Baht.

### 3.15 Interbank and money market items - net (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2014			2013 (Restated)		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	-	23,645	23,645	-	26,118	26,118
Commercial banks	46,458	1,300,000	1,346,458	95,393	800,000	895,393
Specialised financial institutions	-	500,000	500,000	-	532,520	532,520
Other financial institutions	1,333,577	7,693,813	9,027,390	2,482,474	8,246,416	10,728,890
Total	<u>1,380,035</u>	<u>9,517,458</u>	<u>10,897,493</u>	<u>2,577,867</u>	<u>9,605,054</u>	<u>12,182,921</u>

### 3.16 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013 (Restated)	2014	2013
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,643,000	8,243,000	-	-
Unsubordinated unsecured debentures	51,056,900	28,566,000	-	-
Bills of exchange	7,705,522	6,273,822	7,669,400	6,128,000
Promissory notes	797	797	-	-
Total	<u>65,406,219</u>	<u>43,083,619</u>	<u>7,669,400</u>	<u>6,128,000</u>

### 3.16.1 Subordinated unsecured debentures

As at 31 December 2014 and 2013, a subsidiary company operating banking business had long-term subordinated unsecured debentures as follows:

Year	Units as at 31 December		Face value per unit (Baht)	Balance in consolidated financial statements as at 31 December		Maturity in the year	Interest rate
	2014	2013		2014	2013		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2009	-	2.00	1,000	-	2,000	2019	5.50 percent per annum in the first to third year, 6.00 percent per annum in the fourth to seventh year and 6.50 percent per annum in the eighth to tenth year.
2009	-	2.00	1,000	-	2,000	2019	5.00 percent per annum in the first to third year, 5.50 percent per annum in the fourth to seventh year and 6.00 percent per annum in the eighth to tenth year.
2010	1.00	1.00	1,000	1,000	1,000	2020	5.00 percent per annum.
2010	1.00	1.00	1,000	1,000	1,000	2020	4.80 percent per annum.
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum.
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum.
2014	1.60	-	1,000	1,600	-	2024	6.00 percent per annum.
2014	0.80	-	1,000	800	-	2024	6.00 percent per annum.
Total				6,643	8,243		

### 3.16.2 Unsubordinated unsecured debentures

As at 31 December 2014 and 2013, a subsidiary company operating banking business had short-term unsubordinated unsecured debentures as follows:

Year	Units as at 31 December		Face value per unit (Baht)	Balance in consolidated financial statements as at 31 December		Maturity in the year	Interest rate
	2014 (Million units)	2013 (Million units)		2014 (Million Baht)	2013 (Million Baht)		
2013	-	16.166	1,000	-	16,166	2014	2.80 - 3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.15 percent per annum
2013	-	3.50	1,000	-	3,500	2014	3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.10 percent per annum
2013	-	2.60	1,000	-	2,600	2014	3.05 percent per annum
2013	-	0.30	1,000	-	300	2014	3.10 percent per annum
2014	51.057	-	1,000	51,057	-	2015	2.55 - 2.87 percent per annum
Total				51,057	28,566		

### 3.16.3 Bills of exchange

Bills of exchange comprise the fixed interest rates bearing and the floating interest rate bearing ones, which will gradually mature in 2014 to 2015. The interest rates of the fixed interest rates bearing bills of exchange are between 2.50 and 3.20 percent per annum.

### 3.17 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, as at 31 December 2014 and 2013 was as follows:

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
		(Restated)
Defined post employment benefit obligation at beginning of year	249,619	240,216
Current service cost	23,783	18,637
Interest cost	11,637	9,040
Benefits paid during the year	(4,042)	(5,346)
Actuarial (gains) losses	28,716	(12,928)
Defined post employment benefit obligation at end of year	309,713	249,619
Other long-term benefits	93,859	82,983
Total provision for long-term employee benefits at end of year	403,572	332,602

(Unit: Thousand Baht)

Separate financial statements  
as at 31 December

	2014	2013
Defined post employment benefit obligation at beginning of year	60,289	59,889
Current service cost	4,242	3,542
Interest cost	2,707	2,212
Benefits paid during the year	(508)	(1,684)
Actuarial (gains) losses	5,713	(3,670)
Defined post employment benefit obligation at end of year	72,443	60,289
Other long-term benefits	13,380	11,547
Total provision for long-term employee benefits at end of year	85,823	71,836

Long-term employee benefits expenses included in the profit or loss for the years ended 31 December 2014 and 2013 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Current service cost	36,770	27,965	5,796	4,560
Interest cost	14,409	11,249	3,105	2,539
Actuarial losses	13,823	8,437	3,068	1,118
Total employee benefits expenses	65,002	47,651	11,969	8,217

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 2014 and 2013 amounted to Baht 82 million and Baht 57 million, respectively (The Company only: Baht 16 million and Baht 11 million, respectively).

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	2.13 - 4.27	2.36 - 4.64	2.13 - 4.27	2.36 - 4.64
Average salary increase rate	4.21	3.80	4.21	3.80
Average inflation rate	2.21	2.92	2.21	2.92

Amounts of defined benefit obligation and experience adjustments arising on the plan liabilities for the current years and previous four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
	For the year 2014	403,572	85,823	22,866
For the year 2013	332,602	71,836	20,286	1,726
For the year 2012	321,743	71,086	35,181	5,064
For the year 2011	201,933	49,069	14,847	6,556
For the year 2010	155,817	39,651	-	-

### 3.18 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
		(Restated)		
Payable to clearing housing	853,257	298,875	-	-
Withholding income tax and other				
tax payables	469,830	315,964	57,189	44,506
Accrued insurance premium	668,113	819,656	-	-
Deferred income	1,176,646	941,497	-	-
Accrued expenses	2,603,923	2,435,991	1,041,433	977,292
Suspense creditors	345,707	583,942	-	-
Other liabilities	224,570	257,393	68	65
<b>Total other liabilities</b>	<b>6,342,046</b>	<b>5,653,318</b>	<b>1,098,690</b>	<b>1,021,863</b>

The above accrued expenses included accrued bonus expenses which are remunerations paid to the management and employees 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 share price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2014 and 2013, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 561 million and Baht 408 million, respectively (The Company only: Baht 306 million and Baht 230 million, respectively)

### 3.19 Capital funds

3.19.1 The primary objectives of the TISCO Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and others in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.

3.19.2 TISCO Bank maintains capital adequacy ratio in compliance with Basel III principles which is implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, corporate lending, equity exposure and other assets.

Regarding to Capital fund as of 31 December 2014 and 2013, TISCO Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under BOT's regulation.

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

	(Unit: Thousand Baht)	
	As at 31 December	
	2014	2013
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid up share capital	9,215,676	8,191,712
Premium on share capital	2,543,024	1,120,738
Statutory reserve	984,000	984,000
Net profits after appropriation	9,764,407	7,943,322
Other components of shareholders' equity	220,913	-
Less: Deductions from Common Equity Tier I items	(125,120)	(620,223)
<b>Total Common Equity Tier I capital</b>	<b>22,602,900</b>	<b>17,619,549</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid up share capital – non cumulative preferred shares	1	1
<b>Total Tier I capital</b>	<b>22,602,901</b>	<b>17,619,550</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	6,643,000	7,518,700
Surplus of provision	340,851	-
Reserve for loans classified as pass	653,690	608,075
<b>Total Tier II capital</b>	<b>7,637,541</b>	<b>8,126,775</b>
<b>Total capital funds</b>	<b>30,240,442</b>	<b>25,746,325</b>

	(Unit: Percent)			
	As at 31 December			
	2014		2013	
Capital fund ratios	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	12.55	4.50	9.15	4.50
Tier I capital to risk assets	12.55	6.00	9.15	6.00
Total capital to risk assets	16.80	8.50	13.37	8.50

3.19.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 6/2553 regarding "Consolidated Supervision" dated 18 June 2010, the Company has disclosed capital maintenance information of financial business group as at 30 June 2014 on its website on 31 October 2014.



### 3.20 Surplus (deficit) on changes in value of investments

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
		(Restated)
Balance - beginning of year	(35,605)	361,941
Increase (decrease) from changes in value of investments during the year	184,533	(397,546)
	148,928	(35,605)
Less: The effect of deferred tax assets / liabilities	(47,448)	(6,423)
Balance - end of year	101,480	(42,028)

(Unit: Thousand Baht)

Separate financial statements  
as at 31 December

	2014	2013
Balance - beginning of year	(91,115)	14,464
Increase (decrease) from changes in value of investments during the year	75,868	(105,580)
	(15,247)	(91,114)
Less: The effect of deferred tax assets / liabilities	3,049	18,222
Balance - end of year	(12,198)	(72,892)

### 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

	2014	2013
Balance - beginning of year	1,176,123	-
Revaluation	-	1,176,123
Adjustment	(27,000)	-
Transfer to retained earnings	(10,050)	-
	1,139,073	1,176,123
Less: The effect of deferred tax assets/liabilities	(229,824)	(235,224)
Balance - end of year	909,249	940,899

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2014	2013
Balance - beginning of year	288,745	-
Revaluation	-	288,745
Transfer to retained earnings	(1,506)	-
	287,239	288,745
Less: The effect of deferred tax assets/liabilities	(57,749)	(57,749)
Balance - end of year	229,490	230,996

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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements

For the years ended 31 December

	2014	2013
		(Restated)
Interbank and money market items	674,759	996,398
Investments in debt securities	404,751	216,746
Loans to customers	6,157,309	5,896,028
Hire purchase and financial lease	11,654,048	11,851,738
Total interest income	18,890,867	18,960,910

(Unit: Thousand Baht)

Separate financial statements

For the years ended 31 December

	2014	2013
Interbank and money market items	21,720	23,852
Loans to customers	115,659	150,212
Total interest income	137,379	174,064

### 3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Deposits	6,136,356	7,396,269
Interbank and money market items	270,456	304,362
Contribution fee to the Deposit Protection Agency and Bank of Thailand	1,284,148	1,254,479
Issued debt instruments		
- Subordinated debentures	422,938	433,678
- Unsubordinated debentures	1,007,531	354,475
Borrowings	229,648	400,770
Total interest expenses	<u>9,351,077</u>	<u>10,144,033</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Interbank and money market items	-	322
Borrowings	226,747	220,971
Total interest expenses	<u>226,747</u>	<u>221,293</u>

### 3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Fee and service income		
- Acceptance, aval and guarantees	10,822	10,498
- Insurance service	2,363,830	2,642,820
- Brokerage fees	911,750	1,066,101
- Fund management	896,172	702,907
- Financial advisory	14,601	17,150
- Others	990,075	977,434
Total fee and service income	5,187,250	5,416,910
Fee and service expenses		
- Information service expenses	(24,760)	(51,815)
- Others	(186,879)	(174,022)
Total fee and service expenses	(211,639)	(225,837)
Net fee and service income	4,975,611	5,191,073

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Fee and service income	-	-
Fee and service expenses	(18,244)	(14,318)
Net fee and service income	(18,244)	(14,318)

### 3.25 Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	54,147	50,197
- Derivatives on interest rates	(38,386)	11,039
- Debt securities	11,862	13,416
- Others	(11)	(5)
Total	<u>27,612</u>	<u>74,647</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Gain on trading and foreign exchange transactions		
- Foreign currencies	3,949	56,800
Total	<u>3,949</u>	<u>56,800</u>

### 3.26 Net gains on investments

Net gains on investments in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
Gains on disposal		
- Available-for-sale investments	239,603	233,899
- Held-to-maturity securities	29	155
- General investments	22,387	39,570
Total	262,019	273,624
Reversal of losses on impairment		
- General investments	868	1,912
Total	868	1,912
Gain on return of capital from a subsidiary company	829	78,238
Net gains on investments	263,716	353,774

### 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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Interbank and money market items (Reversal)	(5,000)	3,000
Investment in receivables (Reversal)	(328)	(3,075)
Loans to customers	4,431,788	4,140,678
Total	4,426,460	4,140,603

### 3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Gains on disposal of property foreclosed	22,841	5,789
Gain on change in value of investment properties	412	16,850
Others	32,385	30,659
Total	55,638	53,298

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Rental income	64,432	65,540
Others	1,895	20,856
Total	66,327	86,396

### 3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Mailing expenses	58,900	55,266
Software amortisation expenses	55,963	63,757
Legal expenses	271,688	179,937
Transportation expenses	104,777	98,847
Advertising and business promotion expenses	126,070	101,029
Others	281,034	233,545
Total	898,432	732,381

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Mailing expenses	628	261
Software amortisation expenses	29,867	24,562
Transportation expenses	8,289	8,511
Others	80,271	57,554
<b>Total</b>	<b>119,055</b>	<b>90,888</b>

### 3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
	(Restated)			
<b>Current income tax:</b>				
Income tax expenses for the year	1,238,198	1,112,056	95,743	130,038
Adjustment in respect of current income tax of previous year	656	(112)	-	(950)
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	(195,411)	(71,238)	(15,343)	(38,069)
<b>Income tax expenses reported in statements of comprehensive income</b>	<b>1,043,443</b>	<b>1,040,706</b>	<b>80,400</b>	<b>91,019</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
				(Restated)
Decrease (increase) in revaluation surplus in investments	(41,025)	77,112	(15,174)	21,116
Surplus on revaluation of assets	5,400	(235,225)	-	(57,749)
Actuarial gains (losses)	5,714	(2,597)	1,143	(734)
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint venture	89	(11)	-	-
Cash flow hedges of joint venture	423	2,213	-	-
Income tax expenses recorded directly to other comprehensive income	<u>(29,399)</u>	<u>(158,508)</u>	<u>(14,031)</u>	<u>(37,367)</u>

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
				(Restated)
Accounting profit before tax	<u>5,317,618</u>	<u>5,348,899</u>	<u>2,081,127</u>	<u>1,909,736</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,063,523	1,069,780	416,225	381,947
Adjustment in respect of current income tax of previous year	656	(112)	-	(950)
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(3,726)	(5,629)	(335,825)	(289,978)
Others	(17,010)	(23,333)	-	-
Total	<u>(20,736)</u>	<u>(28,962)</u>	<u>(335,825)</u>	<u>(289,978)</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,043,443</u>	<u>1,040,706</u>	<u>80,400</u>	<u>91,019</u>

The components of deferred tax assets and deferred tax liabilities are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2014	2013	2014	2013
Allowance for doubtful accounts	151,477	110,337	41,140	29,595
Allowance for impairment of investments	48,430	21,742	26,688	-
Allowance for impairment of property foreclosed	3,622	2	3,620	-
Non-accrual of interest income	64,570	18,889	45,681	7,170
Depreciation of assets	(3,461)	(2,540)	(921)	(7,781)
Financial leases	12,631	-	12,631	-
Surplus on revaluation of assets	(203,190)	(147,408)	-	-
Surplus (deficit) on changes in value of investments	(5,101)	18,223	-	-
Unrealised loss on derivatives	6,888	-	6,888	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(480,706)	(31,595)	(449,111)	(19,008)
Loss on disposal of property foreclosed	31,849	18,834	13,015	13,072
Unearned interest income on hire purchase	146,753	-	146,753	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Tax loss carried forward	-	-	-	(1,496)
Accrued expenses	339,287	189,346	149,941	47,859
Employee benefits expenses	67,220	27,466	30,128	(2,066)
Others	94,370	652	93,718	58
<b>Deferred tax assets</b>	<b>296,074</b>	<b>245,383</b>	<b>120,171</b>	<b>67,403</b>

(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	
	2014	2013	2014	2013
		(Restated)		(Restated)
Allowance for doubtful accounts	-	(21,796)	21,796	(21,108)
Allowance for impairment of investments	-	(26,928)	26,928	1,385
Allowance for impairment of property foreclosed	-	(3,634)	3,634	3
Non-accrual of interest income	-	(25,773)	25,773	(8,232)
Depreciation of assets	128	(7,112)	7,240	2,499
Financial leases	-	(25,479)	25,479	(10,445)
Gain on changes in value of investment properties	3,452	3,370	82	3,370
Surplus on revaluation of assets	26,634	87,816	-	-
Surplus on changes in value of investments	42,348	24,645	-	-
Unrealised (gain) or loss on derivatives	-	5,858	(5,858)	248
Gain on changes in value of investments in trading securities	(1)	(1)	-	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	-	522,672	(522,672)	118,797
Unearned interest income on hire purchase	-	(134,183)	134,183	(73,512)
Accrued expenses	(25,018)	(129,752)	104,734	10,191
Employee benefits expenses	(13,169)	(38,807)	21,726	(6,736)
Others	(4,219)	(85,934)	81,715	(20,295)
<b>Deferred tax assets (liabilities)</b>	<b>30,155</b>	<b>144,962</b>	<b>(75,240)</b>	<b>(3,835)</b>

(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	
	2014	2013	2014	2013
Allowance for impairment of investments	21,742	21,742	-	-
Depreciation of assets	(7,486)	(3,629)	(3,857)	(7,977)
Gain on changes in value of investment properties	(89,660)	(89,660)	-	(6,422)
Surplus on changes in value of investment properties	(57,749)	(57,749)	-	-
Surplus on changes in value of investments	3,049	18,222	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	201,372	183,755	17,617	51,658
Employee benefits expenses	17,164	14,367	1,655	883
Others	290	362	(72)	(73)
<b>Deferred tax assets</b>	<b>110,157</b>	<b>108,845</b>	<b>15,343</b>	<b>38,069</b>

### 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	
	2014	2013	2014	2013
		(Restated)		
<b>Other comprehensive income</b>				
Losses on translation adjustment in foreign operations	-	(81,795)	-	-
Available-for-sale investments:				
Gains (losses) during the year	424,136	(163,647)	75,868	(105,580)
Less: Reclassification adjustments for gains included in profit or loss	(239,603)	(233,899)	-	-
	184,533	(397,546)	75,868	(105,580)
Gain (losses) on revaluation of assets	(27,000)	1,176,123	-	288,745
Actuarial gains (losses)	(28,716)	12,984	(5,713)	3,670
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint ventures	(443)	55	-	-
Cash flow hedges of joint ventures	(2,117)	(11,067)	-	-
Other comprehensive income	126,257	698,754	70,155	186,835
Income tax effects relating to components of other comprehensive income	(29,399)	(158,508)	(14,031)	(37,367)
Net other comprehensive income for the year	96,858	540,246	56,124	149,468

### 3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2014			2013 (Restated)		
	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	184,533	(41,025)	143,508	(397,546)	77,112	(320,434)
Gains (losses) on revaluation of assets	(27,000)	5,400	(21,600)	1,176,123	(235,225)	940,898
Actuarial gains (losses)	(28,716)	5,714	(23,002)	12,984	(2,597)	10,387
Share of other comprehensive income of joint ventures:						
Actuarial gains (losses) of joint venture	(443)	89	(354)	55	(11)	44
Cash flow hedges of joint venture	(2,117)	423	(1,694)	(11,067)	2,213	(8,854)
	<u>126,257</u>	<u>(29,399)</u>	<u>96,858</u>	<u>780,549</u>	<u>(158,508)</u>	<u>622,041</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2014			2013		
	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	75,868	(15,174)	60,694	(105,580)	21,116	(84,464)
Gains (losses) on revaluation of assets	-	-	-	288,745	(57,749)	230,996
Actuarial gains (losses)	(5,713)	1,143	(4,570)	3,670	(734)	2,936
	<u>70,155</u>	<u>(14,031)</u>	<u>56,124</u>	<u>186,835</u>	<u>(37,367)</u>	<u>149,468</u>

### 3.33 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	4,249,515	4,249,050	2,000,727	1,818,717
Weighted average number of shares (Thousand shares)	800,655	765,181	800,655	765,181
Basic earnings per share (Baht/share)	5.31	5.55	2.50	2.37

### 3.34 Related party transactions

	(Unit: Thousand Baht)			
	As at		As at	
	1 January 2014	Increase	Decrease	31 December 2014
<b><u>Outstanding balance</u></b>				
(Eliminated in consolidated financial statements)				
<b>Subsidiary companies</b>				
Interbank and money market items (assets):				
TISCO Bank Public Company Limited	510,072	1,419,167	(1,400,058)	529,181
Loans:				
Hi-Way Co., Ltd.	1,486,000	92,000	(30,000)	1,548,000
TISCO Leasing Co., Ltd.	2,500,000	-	(893,700)	1,606,300
Dividend receivable:				
TISCO Bank Public Company Limited	655,248	1,105,742	(655,248)	1,105,742
TISCO Securities Co., Ltd.	458,000	150,000	(458,000)	150,000
TISCO Asset Management Co., Ltd.	308,998	399,998	(308,998)	399,998
TISCO Information Technology Co., Ltd.	15,000	17,499	(15,000)	17,499
TISCO Learning Center Co., Ltd.	19,999	19,999	(19,999)	19,999
Other assets:				
TISCO Bank Public Company Limited	73,685	46,130	(29,857)	89,958
TISCO Learning Center Co., Ltd.	302	1,740	(1,963)	79
Deutsche TISCO Investment Advisory Co., Ltd.	8,025	-	(150)	7,875
Other liabilities:				
TISCO Securities Co., Ltd.	1,000	-	(1,000)	-
TISCO Learning Center Co., Ltd.	128	444	(450)	122

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the year ended 31 December		
	2014	2013	
<b>Transactions occurred during the years</b>			
(Eliminated from the in consolidated financial statements)			
<b>Subsidiary companies</b>			
Risk and financial management fee income, human resources management fee income and office administration fee income	1,549,850	1,563,477	Determined on market price/terms of BOT
Interest income	137,219	173,912	With reference to the terms and prices as offered to other customers
Rental income	63,465	64,525	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	179,000	170,000	Determined on market price/terms of BOT
Interest expenses	-	601	With reference to the terms and prices as offered to other customers
Training expenses	5,172	3,482	With reference to the prices as offered from other service providers
Other expenses	750	-	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	
	2014	2013
Loans <sup>(1)</sup>	22,506	27,778

<sup>(1)</sup> Including employee welfare loan and normal loan

## Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2014	2013
Deposits	224,784	212,539

### Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had short-term benefit paid to their directors and management during the years and other employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
Short-term benefits	458	421	310	274
Post-employment benefits	7	6	4	4
Other long-term benefits	86	67	67	52
Total	551	494	381	330

### 3.35 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Group chief Executive, TISCO Group.

For management purposes, the Company and its subsidiaries operate four main businesses as follows:

1. Commercial banking business: Provides financial services under the Commercial Banking Business license. Banking services are provided through the TISCO Bank Public Company Limited headquarters and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarters and branches of subsidiaries across the country.
3. Asset management business: Provides asset management services.



4. Support business: Provides all governance and support functions of the Group.

The Company and its subsidiaries have aggregated operating segments that have similar economic characteristics and are similar in the other respects required by the Thai Financial Reporting Standard.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a group basis. Therefore, these expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

During the years ended 31 December 2014 and 2013, 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 year ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
<b>For the year ended 31 December 2014</b>							
<b>Revenue</b>							
External customers	13,672	1,075	1,069	(192)	15,624	-	15,624
Inter-segment	(11)	250	1	3,910	4,150	(4,150)	-
<b>Total revenue</b>	<b>13,661</b>	<b>1,325</b>	<b>1,070</b>	<b>3,718</b>	<b>19,774</b>	<b>(4,150)</b>	<b>15,624</b>
<b>Operating results:</b>							
Net interest income	9,579	38	8	(85)	9,540	-	9,540
Net fee and service income	3,183	1,158	1,058	489	5,888	(912)	4,976
Other operating income	899	129	4	3,314	4,346	(3,238)	1,108
<b>Total operating income</b>	<b>13,661</b>	<b>1,325</b>	<b>1,070</b>	<b>3,718</b>	<b>19,774</b>	<b>(4,150)</b>	<b>15,624</b>
Depreciation and amortisation	(896)	(86)	(25)	(460)	(1,467)	492	(975)
Other operating expenses	(4,449)	(915)	(451)	(1,114)	(6,929)	2,024	(4,905)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	-	-	(4,424)	(2)	(4,426)
<b>Total operating expenses</b>	<b>(9,769)</b>	<b>(1,001)</b>	<b>(476)</b>	<b>(1,574)</b>	<b>(12,820)</b>	<b>2,514</b>	<b>(10,306)</b>
<b>Segment profit</b>	<b>3,892</b>	<b>324</b>	<b>594</b>	<b>2,144</b>	<b>6,954</b>	<b>(1,636)</b>	<b>5,318</b>
Income tax expenses							(1,043)
Non-controlling interests of the subsidiaries							(25)
<b>Profit for the year - equity holders of the Company</b>							<b>4,250</b>
<b>As at 31 December 2014</b>							
<b>Segment total assets</b>	<b>310,536</b>	<b>4,379</b>	<b>945</b>	<b>27,649</b>	<b>343,509</b>	<b>(25,835)</b>	<b>317,674</b>
Premises and equipment - net	801	16	228	670	1,715	769	2,484

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
<b>For the year ended 31 December 2013 (Restated)</b>							
<b>Revenue</b>							
External customers	13,543	1,393	848	(224)	15,560	95	15,655
Inter-segment	(199)	414	1	4,197	4,413	(4,413)	-
<b>Total revenue</b>	<b>13,344</b>	<b>1,807</b>	<b>849</b>	<b>3,973</b>	<b>19,973</b>	<b>(4,318)</b>	<b>15,655</b>
<b>Operating results:</b>							
Net interest income	8,815	37	8	(43)	8,817	-	8,817
Net fee and service income	3,340	1,456	837	467	6,100	(909)	5,191
Other operating income	1,189	314	4	3,549	5,056	(3,409)	1,647
<b>Total operating income</b>	<b>13,344</b>	<b>1,807</b>	<b>849</b>	<b>3,973</b>	<b>19,973</b>	<b>(4,318)</b>	<b>15,655</b>
Depreciation and amortisation	(869)	(86)	(26)	(444)	(1,425)	477	(948)
Other operating expenses	(4,679)	(981)	(423)	(1,203)	(7,286)	2,069	(5,217)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	-	(4,141)	-	(4,141)
<b>Total operating expenses</b>	<b>(9,689)</b>	<b>(1,067)</b>	<b>(449)</b>	<b>(1,647)</b>	<b>(12,852)</b>	<b>2,546</b>	<b>(10,306)</b>
<b>Segment profit</b>	<b>3,655</b>	<b>740</b>	<b>400</b>	<b>2,326</b>	<b>7,121</b>	<b>(1,772)</b>	<b>5,349</b>
Income tax expenses							(1,041)
Non-controlling interests of the subsidiaries							(59)
<b>Profit for the year - equity holders of the Company</b>							<b>4,249</b>
<b>As at 31 December 2013 (Restated)</b>							
<b>Segment total assets</b>	<b>347,479</b>	<b>4,364</b>	<b>726</b>	<b>25,600</b>	<b>378,169</b>	<b>(24,763)</b>	<b>353,406</b>
Premises and equipment - net	788	14	230	638	1,670	787	2,457

### 3.36 Financial information classified by domestic and foreign operations

#### 3.36.1 Financial position

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2014			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	343,509	-	(25,835)	317,674
Interbank and money market items (assets)	39,629	-	(1,571)	38,058
Investments - net	14,795	-	-	14,795
Loans to customers and accrued interest				
receivables - net	259,560	-	(3,154)	256,406
Deposits	206,391	-	(1,007)	205,384
Interbank and money market items (liabilities)	11,463	-	(566)	10,897
Debt issued and borrowings	68,560	-	(3,154)	65,406

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2013 (Restated)			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	378,169	-	(24,763)	353,406
Interbank and money market items (assets)	55,526	-	(2,312)	53,214
Investments - net	11,490	-	-	11,490
Loans to customers and accrued interest				
receivables - net	284,605	-	(3,986)	280,619
Deposits	265,547	-	(905)	264,642
Interbank and money market items (liabilities)	13,594	-	(1,411)	12,183
Debt issued and borrowings	47,070	-	(3,986)	43,084

### 3.36.2 Results of operations

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2014				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	19,051	-	(160)	18,891
Interest expenses	(9,511)	-	160	(9,351)
Net interest income	9,540	-	-	9,540
Net fee and service income	5,888	-	(912)	4,976
Other operating income	4,071	-	(3,238)	833
Total operating income	19,499	-	(4,150)	15,349
Total other operating expenses	(8,121)	-	2,516	(5,605)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	(2)	(4,426)
Income tax expenses	(1,043)	-	-	(1,043)
Non-controlling interests of the subsidiaries	-	-	(25)	(25)
Profit for equity holders of the Company	5,911	-	(1,661)	4,250

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2013 (Restated)				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	19,178	-	(217)	18,961
Interest expenses	(10,361)	-	217	(10,144)
Net interest income	8,817	-	-	8,817
Net fee and service income	6,101	-	(910)	5,191
Other operating income	4,202	-	(3,455)	747
Total operating income	19,120	-	(4,365)	14,755
Total other operating expenses	(7,811)	-	2,546	(5,265)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	(4,141)
Income tax expenses	(1,132)	-	91	(1,041)
Non-controlling interests of the subsidiaries	-	-	(59)	(59)
Profit for equity holders of the Company	6,036	-	(1,787)	4,249

### 3.37 Provident fund

The Company, its eight subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the 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 seven subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules. During the year 2014 and 2013, the Company and its subsidiaries paid provident fund contributions totaling Baht 151 million and Baht 126 million, respectively (the Company only: Baht 25 million and Baht 20 million, respectively).

### 3.38 Commitments and contingent liabilities

#### 3.38.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements  
as at 31 December

	2014	2013
		(Restated)
Avals	7,151	42,552
Other guarantees	628,138	753,815
Undrawn client overdraft facilities	34,070	54,041
Interest rate swap agreements (Note 3.39.5)	1,200,000	2,274,303
Cross currency swap agreements (Note 3.39.5)	3,296,300	3,315,434
	<u>5,165,659</u>	<u>6,440,145</u>

#### 3.38.2 Litigation

As at 31 December 2014 and 2013, the subsidiary has been sued for compensation totaling approximately Baht 363 million and Baht 356 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believes that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

#### 3.38.3 Other commitments

- a) The subsidiaries have commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally 3 - 13 years.

As at 31 December 2014 and 2013, the subsidiary companies have future minimum lease payments required under these non-cancellable operating leases contracts as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Payable within:		(Restated)
Not over 1 year	146	133
Over 1 to 5 years	183	101
Over 5 years	60	5

### 3.39 Financial instruments

#### 3.39.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries ("the Group") manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. It also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the financial statement.

Quality of risk from provision of hire purchase receivables by a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Neither past due nor impaired		
Very high grade	112,689	110,130
High grade	41,865	60,983
Medium grade	5,204	9,623
Subtotal	159,758	180,736
Hire purchase receivables - overdue for 31 to 90 days	16,071	15,660
Hire purchase receivables - overdue for more than 90 days	5,124	3,768
<b>Total</b>	<b>180,953</b>	<b>200,164</b>

### 3.39.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices or 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.



### 3.39.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of TISCO potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk as at 31 December	
	2014	2013
Marketable financial assets		
Equity securities	208	270
Debt securities	15	39
Derivatives	22	-
Foreign currencies	32	51

### 3.39.2.2 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	
	2014	2013
Change in interest rate		
Increase 1 percent	(471.16)	(670.55)
Decrease 1 percent	471.16	670.55

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

### 3.39.2.3 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 2014				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	1,180	1,180
Interbank and money market items	187	35,750	2,121	38,058
Investments - net	-	7,892	6,903	14,795
Loans to customers <sup>(1)</sup>	12,446	245,972	4,938	263,356
Securities and derivatives business				
receivables	-	-	1,819	1,819
Receivables from clearing house	-	-	292	292
	<u>12,633</u>	<u>289,614</u>	<u>17,253</u>	<u>319,500</u>
<b><u>Financial liabilities</u></b>				
Deposits	51,587	153,533	264	205,384
Interbank and money market items	159	10,697	41	10,897
Liabilities payable on demand	-	-	400	400
Derivatives liabilities	-	-	41	41
Debts issued and borrowings	-	65,406	-	65,406
Securities and derivatives business payables	-	-	1,250	1,250
Payables to clearing house	-	-	853	853
	<u>51,746</u>	<u>229,636</u>	<u>2,849</u>	<u>284,231</u>

<sup>(1)</sup>Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

(Unit: Million Baht)

Consolidated financial statements  
as at 31 December 2013 (Restated)

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	1,131	1,131
Interbank and money market items	109	49,775	3,330	53,214
Derivatives assets	-	-	28	28
Investments - net	-	5,878	5,612	11,490
Loans to customers <sup>(1)</sup>	15,993	266,647	4,311	286,951
Securities and derivatives business receivables	-	-	1,547	1,547
Receivables from clearing house	-	-	272	272
	<u>16,102</u>	<u>322,300</u>	<u>16,231</u>	<u>354,633</u>
<b><u>Financial liabilities</u></b>				
Deposits	42,376	222,080	186	264,642
Interbank and money market items	85	11,949	149	12,183
Liabilities payable on demand	-	-	345	345
Derivatives liabilities	-	-	311	311
Debts issued and borrowings	-	43,084	-	43,084
Securities and derivatives business payables	-	-	1,511	1,511
Payables to clearing house	-	-	299	299
	<u>42,461</u>	<u>277,113</u>	<u>2,801</u>	<u>322,375</u>

<sup>(1)</sup>Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>				
Interbank and money market items	7	522	-	529
Investments - net	-	-	844	844
Loans to customers	-	3,154	-	3,154
	<u>7</u>	<u>3,676</u>	<u>844</u>	<u>4,527</u>
<b><u>Financial liabilities</u></b>				
Debts issued and borrowings	-	7,669	-	7,669
	<u>-</u>	<u>7,669</u>	<u>-</u>	<u>7,669</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2013

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<b><u>Financial assets</u></b>				
Interbank and money market items	2	508	-	510
Investments - net	-	-	764	764
Loans to customers	-	3,986	-	3,986
	<u>2</u>	<u>4,494</u>	<u>764</u>	<u>5,260</u>
<b><u>Financial liabilities</u></b>				
Debts issued and borrowings	-	6,128	-	6,128
	<u>-</u>	<u>6,128</u>	<u>-</u>	<u>6,128</u>

Financial instruments which bear interest rate at fixed rates are classified below by the period 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 2014

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b><u>Financial assets</u></b>							
Interbank and money market items	-	35,749	-	1	-	35,750	1.9947
Investments - net	-	2,077	4,031	1,784	-	7,892	3.3603
Loans to customers	<u>23,825</u>	<u>29,266</u>	<u>53,904</u>	<u>133,558</u>	<u>5,419</u>	<u>245,972</u>	<u>7.2327</u>
	<u>23,825</u>	<u>67,092</u>	<u>57,935</u>	<u>135,343</u>	<u>5,419</u>	<u>289,614</u>	
<b><u>Financial liabilities</u></b>							
Deposits	3,919	115,425	33,683	506	-	153,533	2.6197
Interbank and money market items	790	6,706	3,178	23	-	10,697	2.6339
Debts issued and borrowings	<u>37</u>	<u>37,110</u>	<u>21,616</u>	<u>-</u>	<u>6,643</u>	<u>65,406</u>	<u>2.8309</u>
	<u>4,746</u>	<u>159,241</u>	<u>58,477</u>	<u>529</u>	<u>6,643</u>	<u>229,636</u>	

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2013 (Restated)

Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	-	49,775	-	-	-	49,775	2.2405
Investments - net	2	432	1,332	4,112	-	5,878	3.9485
Loans to customers	23,600	26,206	57,162	152,142	7,537	266,647	7.1559
	<u>23,602</u>	<u>76,413</u>	<u>58,494</u>	<u>156,254</u>	<u>7,537</u>	<u>322,300</u>	
<b>Financial liabilities</b>							
Deposits	6,588	161,925	53,079	488	-	222,080	3.0432
Interbank and money market items	1,250	7,684	2,989	26	-	11,949	2.8990
Debts issued and borrowings	38	17,143	17,660	-	8,243	43,084	3.5232
	<u>7,876</u>	<u>186,752</u>	<u>73,728</u>	<u>514</u>	<u>8,243</u>	<u>277,113</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2014

Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	522	-	-	-	-	522	1.5000
Loans to customers	3,154	-	-	-	-	3,154	3.0800
	<u>3,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676</u>	
<b>Financial liabilities</b>							
Debts issued and borrowings	-	4,276	3,393	-	-	7,669	2.7673
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>7,669</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2013

Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	508	-	-	-	-	508	1.8977
Loans to customers	3,986	-	-	-	-	3,986	3.5800
	<u>4,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,494</u>	
<b>Financial liabilities</b>							
Debts issued and borrowings	-	5,223	905	-	-	6,128	3.2556
	<u>-</u>	<u>5,223</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>6,128</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.

### 3.39.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

#### Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the subsidiary operating banking business and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary operating banking business's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk/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 operating banking business sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenario and industry-based scenario, 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 debentures as another source of fund. On the use of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provides credit line to other companies in TISCO Group to support liquidity position if required.

### 3.39.3.1 Remaining contractual maturity of liabilities

(Unit: Million Baht)

	As at 31 December 2014			
	Remaining contractual maturity			
	Less than	More than		Total
	3 months	3 - 12 months	1 year	
Liabilities	219,889	54,785	7,208	281,882

(Unit: Million Baht)

	As at 31 December 2013			
	Remaining contractual maturity			
	Less than	More than		Total
	3 months	3 - 12 months	1 year	
Liabilities	241,377	72,323	8,757	322,457

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit. Both current deposit and saving deposit are considered to be more stable than term deposit in terms of cash outflow.

### 3.39.3.2 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at 31 December	
	2014	2013
Composition of highly liquid assets		
Cash	1,180	1,130
Interbank and money market - net	36,853	52,778
Current investments - net	12,870	6,575
Total liquid assets <sup>(1)</sup>	50,903	60,483
Liquid asset requirement <sup>(1)</sup>	12,900	16,600

<sup>(1)</sup> Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As at 31 December 2014 and 2013, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 50,903 million and Baht 60,483 million, respectively, higher than internal liquid asset requirement, which is daily considered, of Baht 12,900 million and Baht 16,600 million, respectively. In addition, the subsidiary operating banking business has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.39.3.3 Counting from the financial statement date, as at 31 December 2014 and 2013, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014								
<u>Transactions</u>	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
							Loans*	
<b>Financial assets</b>								
Cash	1,180	-	-	-	-	-	-	1,180
Interbank and money market items	2,308	35,749	-	1	-	-	-	38,058
Investments - net	-	6,233	4,853	1,784	-	1,925	-	14,795
Loans to customers	31,703	28,433	54,315	134,801	5,880	-	8,224	263,356
Securities and derivatives business								
receivables	-	1,819	-	-	-	-	-	1,819
Receivables from clearing house	-	292	-	-	-	-	-	292
	<u>35,191</u>	<u>72,526</u>	<u>59,168</u>	<u>136,586</u>	<u>5,880</u>	<u>1,925</u>	<u>8,224</u>	<u>319,500</u>
<b>Financial liabilities</b>								
Deposits	55,769	115,425	33,684	506	-	-	-	205,384
Interbank and money market items	990	6,706	3,178	23	-	-	-	10,897
Liabilities payable on demand	400	-	-	-	-	-	-	400
Derivatives liabilities	-	5	-	36	-	-	-	41
Debts issued and borrowings	37	37,110	21,616	-	6,643	-	-	65,406
Securities and derivatives business								
payables	-	1,250	-	-	-	-	-	1,250
Payables to clearing house	-	853	-	-	-	-	-	853
	<u>57,196</u>	<u>161,349</u>	<u>58,478</u>	<u>565</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>284,231</u>
<b>Contingent liabilities</b>								
Aval to bills and guarantees of								
loans	-	4	3	-	-	-	-	7
Other commitments	-	3,303	28	1,213	-	615	-	5,159

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



(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2013 (Restated)

Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
<b>Financial assets</b>								
Cash	1,131	-	-	-	-	-	-	1,131
Interbank and money market items	3,411	49,803	-	-	-	-	-	53,214
Derivatives assets	-	3	-	25	-	-	-	28
Investments - net	2	4,146	1,332	4,112	-	1,898	-	11,490
Loans to customers	30,234	28,007	57,585	156,586	8,346	-	6,193	286,951
Securities and derivatives business								
receivables	-	1,547	-	-	-	-	-	1,547
Receivables from clearing house	-	272	-	-	-	-	-	272
	<b>34,778</b>	<b>83,778</b>	<b>58,917</b>	<b>160,723</b>	<b>8,346</b>	<b>1,898</b>	<b>6,193</b>	<b>354,633</b>
<b>Financial liabilities</b>								
Deposits	49,150	161,925	53,079	488	-	-	-	264,642
Interbank and money market items	1,484	7,684	2,989	26	-	-	-	12,183
Liabilities payable on demand	345	-	-	-	-	-	-	345
Derivatives liabilities	-	311	-	-	-	-	-	311
Debts issued and borrowings	38	17,143	17,660	-	8,243	-	-	43,084
Securities and derivatives business								
payables	-	1,511	-	-	-	-	-	1,511
Payables to clearing house	-	299	-	-	-	-	-	299
	<b>51,017</b>	<b>188,873</b>	<b>73,728</b>	<b>514</b>	<b>8,243</b>	<b>-</b>	<b>-</b>	<b>322,375</b>
<b>Contingent liabilities</b>								
Aval to bills and guarantees of								
loans	5	19	12	7	-	-	-	43
Other commitments	14	3,478	37	2,282	13	573	-	6,397

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

(Unit: Million Baht)

## Separate financial statements as at 31 December 2014

Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		months	months	years	years		performing	
<b>Financial assets</b>								
Interbank and money market items	529	-	-	-	-	-	-	529
Investments - net	-	-	-	-	-	844	-	844
Loans to customers	3,154	-	-	-	-	-	-	3,154
	<b>3,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844</b>	<b>-</b>	<b>4,527</b>
<b>Financial liabilities</b>								
Debts issued and borrowings	-	4,276	3,393	-	-	-	-	7,669
	<b>-</b>	<b>4,276</b>	<b>3,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,669</b>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2013

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-		Total
						Unspecified	performing Loans	
<b>Financial assets</b>								
Interbank and money market items	510	-	-	-	-	-	-	510
Investments - net	-	-	-	-	-	764	-	764
Loans to customers	3,986	-	-	-	-	-	-	3,986
	4,496	-	-	-	-	764	-	5,260
<b>Financial liabilities</b>								
Debts issued and borrowings	-	5,223	905	-	-	-	-	6,128
	-	5,223	905	-	-	-	-	6,128

## 3.39.4 Foreign exchange risk

The status of the subsidiary operating banking business foreign currency balance as at 31 December 2014 and 2013 are as follow:

Loans in foreign currency amounting to USD 100 million (31 December 2013: USD 100 million) (equivalent to Baht 3,296 million and Baht 3,281 million as at 31 December 2014 and 2013, respectively), of which the subsidiaries entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.39.5 to the financial statements.

## 3.39.5 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivative instruments, for trading and hedging risks.

As at 31 December 2014 and 2013, the subsidiaries have the following trading financial derivative instruments.

a) Interest rate swap agreement

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(36)

(Unit: Million Baht)

As at 31 December 2013		
Maturity	Notional amount	Fair value gain (loss)
2016	2,274	28

b) Cross currency swap agreement/Foreign exchange contract

The subsidiary operating banking business entered into cross currency swap agreements/Foreign exchange contracts to manage risk associated with financial assets as follows:

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2015	3,296	(5)

(Unit: Million Baht)

As at 31 December 2013		
Maturity	Notional amount	Fair value gain (loss)
2014	3,315	(311)

### 3.39.6 Fair value of financial instruments

The fair value of significant financial instruments of the Company and its subsidiaries is as follows:

(Unit: Million Baht)

<u>Transactions</u>	Consolidated financial statements			
	As at 31 December			
	2014		2013 (Restated)	
	Book Value	Fair Value	Book Value	Fair Value
<b><u>Financial assets</u></b>				
Cash	1,180	1,180	1,131	1,131
Interbank and money market items - net	38,058	38,058	53,214	53,214
Investments - net	14,795	14,795	11,490	11,490
Loan to customers and accrued interest receivables - net	256,406	260,643	280,619	286,052
Securities and derivatives business receivables	1,819	1,819	1,547	1,547
Receivables from clearing house	292	292	272	272
<b><u>Financial liabilities</u></b>				
Deposits	205,384	205,384	264,642	264,642
Interbank and money market items - net	10,897	10,897	12,183	12,183
Liabilities payable on demand	400	400	345	345
Debt issued and borrowings	65,406	65,934	43,084	43,210
Securities and derivatives business payables	1,250	1,250	1,511	1,511
Payables to clearing house	853	853	299	299

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book values of financial instruments are the values net of the full amount of such allowance for doubtful debt, after adjusting for loan loss reserve.

#### 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 2012	The 2013 Annual General Meeting of the Shareholders on 25 April 2013	2.40	2.40	1,746	May 2013
Total dividend payment in year 2013				<u>1,746</u>	
Annual dividends for 2013	The 2014 Annual General Meeting of the Shareholders on 22 April 2014	2.00	2.00	1,601	May 2014
Total dividend payment in year 2014				<u>1,601</u>	

#### 5. Significant events during the year

##### **Increase of the subsidiary's registered capital**

The 2014 Annual General Meeting of the shareholders of TISCO Bank Public Company Limited (“the Bank”), a subsidiary of the Company, which convened on 22 April 2014, passed a resolution approving the increase of the Bank’s registered capital to accommodate the allocation of new common shares to the existing shareholders of the Bank named in the share register as of 12 May 2014, pro rata to their shareholding. The bank will increase its registered capital to Baht 9,215,676,920. The additional registered capital of Baht 1,023,964,100 will consist of 102,396,410 common shares with a par value of Baht 10 per share, to be allocated in a ratio of 1 new share for every 8 existing shares (both common and preferred shares), at an offer price of Baht 23.89 per share, for a total of approximately Baht 2,446,250,235 million. The offer price was calculated based on the book value of shareholders’ equity as of 31 December 2013.

On 5 June 2014, the Bank registered the increase in its registered share capital with the Ministry of Commerce.

#### 6. Events after the reporting period

In January 2015, TISCO Tokyo Leasing Company Limited, the Company’s joint venture has signed the joint venture agreement with Century Tokyo Leasing Corporation and Hitachi Construction Machinery Group with purpose to invest in HTC Leasing Company Limited. (Former name: Hitachi Construction /Machinery Leasing (Thailand) Company Limited), which has registered capital of Baht 100 million with share proportion of 51 percent.

**7. Approval of financial statements**

These financial statements were approved by the Company's Audit Committee on 10 February 2015.

**TISCO Financial Group Public Company Limited**

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