

Executive Summary

Economic Environment

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

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

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

TISCO in 2015

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

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

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

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

Sustainable Development Practices

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

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

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

On social contribution, TISCO emphasized on supporting educational development and financial literacy while incorporated the programs within the operational process. With the study on the lack of financial knowledge in each suburban area, the financial literacy program offered different coursework specifically to each location in need, aiming to give concise answers to the needed people. Not only did the program enhance the community with financial proficiency, but it also improved the quality of the future

potential clients that will engage in activities with TISCO. Moreover, TISCO put more importance in ESG activities which were the foundation of sustainable development. This year, TISCO was a co-founder of "Philanthropic Investments" project with purpose to generate returns that can be used for sustainable social development, and was named one of 100 sustainable businesses or "ESG100", rated by Thaipat Institute, as the company that promoted sustainable business practice and offered transparent investments for social and environmental care.

2016 Outlook

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

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

Part 1

1. Overview of TISCO Business

1.1 Important Changes and Developments during the past 5 years

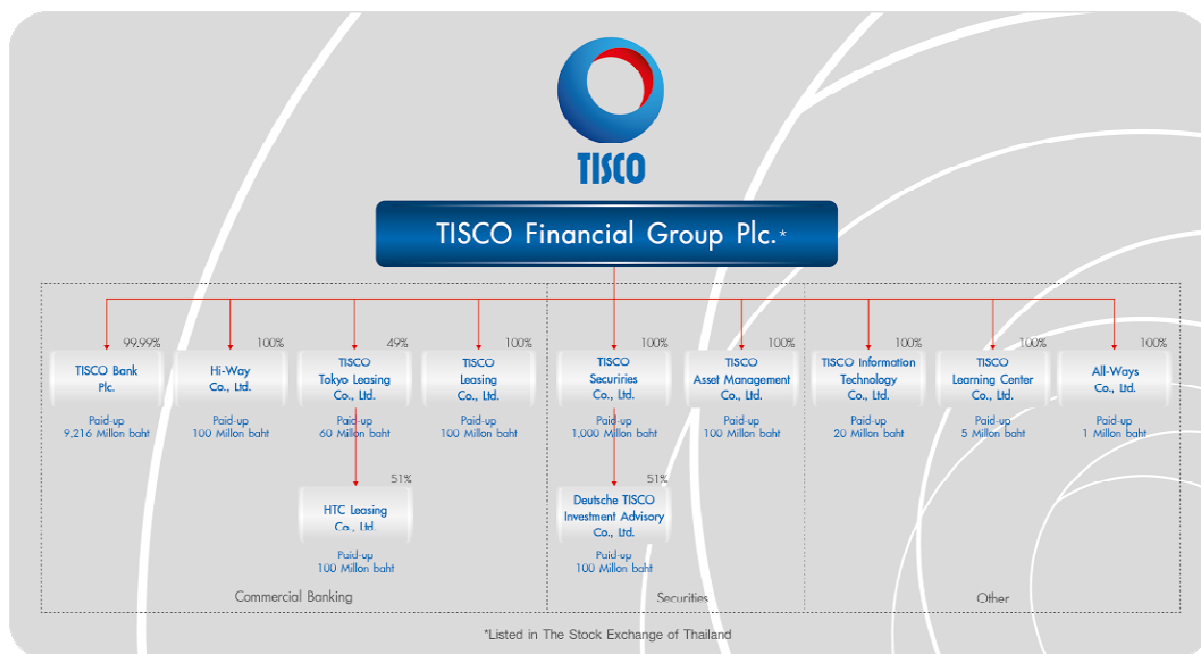
In 2008, TISCO Group implemented the Holding Company Restructuring Plan with the holding company as the parent company of the Group. After the enactment of Financial Institutions Business Act, B.E. 2551 on August 3, 2008, TISCO Bank Public Company Limited ("the Bank" or "TISCO Bank") submitted application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

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

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

1.2 Businesses of TISCO Group

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



1.3 Revenue structure

The revenue structure of the TISCO Group is as follows.

(unit: Million baht)

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

1.4 TISCO Group Business Strategy

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

Vision, Mission, and Values for business operations

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

Our Vision is "Mastery in Wealth of Possibilities".

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

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

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

Strategic Plan and Strategy Map

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

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

Strategic action for the organization

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

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

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

2. Business Operations by Area

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

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

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

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

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

2.1 Area of Services

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

1. Retail Banking

Retail Banking group provides 2 service types as follows.

1.1 Retail Loans

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

• Hire-Purchase Financing

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

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

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

Table shows details of car and motorcycle hire purchase loans

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

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

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

• Consumer Loans

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

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

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

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

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

Table shows details of retail loans

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

Customer and Distribution Channels

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

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

1.2 Bancassurance

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

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

2. Corporate Banking

Corporate Banking group provides 3 service types as follows

2.1 Corporate Lending

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

- **Working Capital Loans**

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

• Project and Term Loans

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

• Other Commercial Loans

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

• Guarantee and Aval Services

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

• Loan Consultancy and Related Services

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

• Custodian Service

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

2.2 Commercial Lending

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

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

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

Customer and Distribution Channels

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

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

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

2.3 Investment Banking

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

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

3. Wealth & Asset Management

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

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

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

3.1 Private Banking

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

3.2 Retail Deposit

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

3.3 Private Sales Brokerage

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

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

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

Table shows information on TISCO Securities business

(Unit: Million baht)

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

^{/1} SET and MAI

Source: TISCO Securities Co., Ltd.

3.4 Institutional Brokerage

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

Table shows information on TISCO's Securities Business

(Unit: Million baht)

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

^{/1} SET and MAI

Source: TISCO Securities Co., Ltd.

3.5 Asset Management

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

• Provident funds

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

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

(Unit: Million baht)

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

• Private funds

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

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

(Unit: Million baht)

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

• Mutual funds

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

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

Distribution Channels

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

3.6 Cash Management Services

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

4. Corporate Affairs & CSR

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

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

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

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

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

2.2 Market and Competition

2.2.1 Commercial Banking Business

• Market

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

Deposits

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

Table showing movement of average interest rates of Thai commercial banks

(Unit: % per year)

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

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

Loans

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

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

(Unit: Million baht)

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

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

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

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

² Deposit includes the short-term borrowings

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

Table showing car sales in Thailand during 2011-2015

(Unit: Vehicle)

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

Source: Automobile Institute

• Competition

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

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

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

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

2.2.2 Securities Business

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

• Market

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

¹ Source: www.sec.or.th

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

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

Table shows capital market conditions

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

Source: The Stock Exchange of Thailand

• Competition

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

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

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

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

• Market

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

Table shows Asset Management market

(Unit: Million baht)

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

Source: Association of Investment Management Companies

• Competition

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

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

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

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

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

Source: Association of Investment Management Companies

2.3 Resources

1) Sources of Fund

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

(Unit: Million baht)

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

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

(Unit: Million baht)

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

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

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

2) Lending

• Credit granting policy

Commercial loans

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

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

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

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

Retail loans

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

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

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

- **Credit Approval Limits and Authorities**

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

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

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

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

- **Credit Risk Management**

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

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

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

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

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

- **Credit Collection**

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

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

- **Debt restructuring**

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

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

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

(3) Capital Adequacy

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

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

(Unit: Percentage)

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

^{/1} Applied IRB approach

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

(4) Liquidity Management Policy

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

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

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

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

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

(5) Asset Classification, Provisions and Write-offs

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

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

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

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

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

(1) Sources of fund

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

(2) Credit approval and authorization

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

(3) Margin trading accounts

All clients of securities brokerages are cash accounts.

(4) Investment Policy

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

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

(5) Capital Adequacy Ability

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

3. Risk Factors

Overview of Risk Management

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

Risk Management Policy

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

1. Consolidated and centralized risk management

Risk management infrastructure is centralized by consolidating risk exposure from all subsidiaries under the Company through careful risk assessment and the establishment of appropriate risk guidelines and procedures.

2. Business line accountability, independent risk oversight

Each business line is accountable for managing its own risks in the best interests of TISCO Group while complying with risk management policies, guidelines, and procedures. Enterprise Risk Management is responded for independent risk oversight and check-and-balance system to ensure that risks are adequately monitored and controlled.

3. Comprehensive risk assessment

Risk assessment is performed comprehensively in all key activities. Risk assessment methodologies may range from basic approaches such as expert judgments to more advanced approaches such as quantitative and statistical analysis, depending on the size and complexity of the risks involved. These assessments are in turn supplemented by fundamental risk analysis and stress testing of extreme risk events.

4. Capital management based on standardized risk tools

Capital represents the ultimate interests of the shareholders. All risk exposures are quantified into a standardized risk measure called Risk Capital based on Value-at-Risk (VaR) concept which can relate risks to the amount of capital required to protect against them according to predefined risk limits. The process of risk assessment under Risk Capital is considered as part of Internal Capital Adequacy Assessment Process (ICAAP) of TISCO. Risk capital enables management and business line managers to understand the level of risks being taken in a meaningful manner. Risks from different levels are integrated to produce an overall risk picture of the Group, which is used for capital adequacy planning and strategic capital allocation both at the corporate and business unit level.

5. Risk Tolerance Level and Capital Allocation

The total risk capital shall not be in excess of available capital fund of the Group where qualitative risk tolerance level shall be applied for non-capital based assessment. Risk Capital shall determine the economic capital adequacy of TISCO, which the available capital is also allocated to the business and operating units such that the capital adequacies to undertaken risk are ensured both at the corporate- and business-unit-level.

6. Adequate return for risk and risk-adjusted performance management

To promote shareholder value creation, risk components are incorporated into business performance measurements with the objective of maximizing risk-adjusted returns for shareholders. Product pricing takes into account varying risks to ensure overall profitability. Business expansion is advocated in the areas where marginal risk-adjusted returns are in excess of the marginal risks.

7. Portfolio management, diversification and hedging

Risk diversification is a key risk management principle in all business activities. Diversification is considered and adopted by management and business line managers both at the portfolio and transaction levels as an effective approach to reducing the aggregate level of risks in accordance with certain guidelines and limits.

8. Strong Risk Awareness Culture

Awareness and understanding of risks and risk management are important for the accountability of risk management. Business heads are expected to have a high degree of awareness and understanding of the risks in their accountable areas and how they contribute to the overall risk of the corporate as a whole.

9. Effective Risk Modeling and Validation

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

10. Regulatory best practice

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

11. New Business or Product

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

12. Related Party Transaction

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

13. Stress Testing

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

Risk Management Framework

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

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

- **Board of Directors**

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

- Board of Directors of Subsidiaries

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

- Risk Management Committee

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

- Specific-Area Risk Authorities

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

Risk Types

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

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

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

3.1 Credit Risk

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

3.1.1 Default Risk

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

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

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

3.1.2 Concentration Risk

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

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

3.1.3 Collateral Risk

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

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

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

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

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

3.1.4 Property Risk from Foreclosed Assets

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

▪ **Credit Risk Management Framework**

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

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

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

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

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

3.2 Liquidity Risk

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

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

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

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

▪ **Liquidity Risk Management Framework**

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

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

3.3 Market Risk

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

3.3.1 Equity Price Volatility

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

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

(1) Listed Equity Risk and ETF

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

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

(2) Non-Listed Equity Risk

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

3.3.2 Interest Rate Risk

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

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

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

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

(Unit: Million baht)

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

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

(2) Fixed-Income Risk

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

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

▪ **Market Risk Management Framework**

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

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

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

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

3.4 Operational Risk

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

▪ **Operational Risk Management Framework**

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

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

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

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

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

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

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

3.5 Strategic Risk

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

3.5.1 Risk from Economic Conditions and Business Competition

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

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

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

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

3.5.2 Risk from Capital Adequacy

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

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

3.5.3 Risk from Subsidiaries' Financial Performance

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

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

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

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

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

▪ Strategic Risk Management Framework

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

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

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

4. Operating Assets

4.1 Major Fixed Assets

Land, premises, and equipment – Net

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

(Unit: Million baht)

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

Long-term contract

1. Contract

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

(Unit: Million baht)

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

2. Rental contracts between the Company and its subsidiaries

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

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

4.2 Loans

Classification of assets

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

(Unit: Million baht)

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

Provision for Loan Loss Policy

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

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

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

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

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

Provision of Asset Impairment Policy

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

Policy of revenue recognition on interest income

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

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

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

4.3 Investment in Securities

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

Securities Investment Policy

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

Risk Management of Investment Portfolio

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

Allowance for Impairment of Securities

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

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

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

4.4 Policies on investment in subsidiaries and joint venture company

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

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

1) Strategic Investment

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

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

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

2) Financial Investment

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

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

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

Table illustrates details of investment in subsidiaries and joint venture company

(Unit : Million baht)

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

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

^{/2} Deducted impairment in investment

^{/3} Joint venture Company

5. Legal Disputes

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

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

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

6. General Information

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

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

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

^{1/} As of December 31, 2015^{2/} Core company of TISCO Group^{3/} Ceased business operation and proceeding liquidation process

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

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

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

^{/4} As of December 31, 2015