

## Part 2

### Management and Corporate Governance

## 7. Securities and Shareholder Information

### 7.1 Registered and Paid-up capital

#### (1) Registered and paid-up capital as of December 31, 2018 comprising of :

Registered capital : Baht 8,007,032,950

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

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

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

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

9,859 preferred shares (Nine thousand eight hundred and fifty nine shares)

at par value of 10.00 Baht per share.

#### (2) Other Securities

##### Preferred Shares

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

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

As of December 20, 2018, Thai NVDR Co., Ltd., a subsidiary wholly owned by the SET, issued Non-Voting Depository Receipts (NVDRs) which have the Company's shares as underlying securities totaling 124,256,648 shares, or 15.52% of paid-up capital, consisting of 124,249,348 common shares and 7,300 preferred shares. Although all financial benefits received by NVDR investors are similar to the benefits from the Company's shares, NVDR investors shall have no voting rights in shareholder meetings except in case of a delisting decision. Therefore, if a great number of the Company shares are sold to investors as NVDRs, the number of shares with voting rights will be lessened.

Moreover, the number of NVDRs is subject to change and is not under control by the Company. Investors can obtain records of the Company's NVDRs from the website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)).

### 7.2 Shareholder

#### (1) The Company's Major Shareholders

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

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

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

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

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

### (2.1) Registered and paid-up capital as of December 31, 2018 comprising of:

Registered capital : Baht 9,215,676,920

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

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

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

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

104 preferred shares (One hundred and four preferred shares)

at par value of 10.00 Baht per share.

### (2.2) Major Shareholders of the Company

The top 10 major shareholders of TISCO Bank Public Company Limited, whose names appeared in the share registration book as December 25, 2018, were as follow.

| No.   | Shareholders                                 | Outstanding Stock |                 |             |            |
|---|--|-------------------|-----------------|-------------|------------|
|   |  | Common Stock      | Preferred Stock | Total Stock | Percentage |
| 1   | TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED | 921,452,229       | -               | 921,452,229 | 99.99      |
| 2   | Mr. KITTI CHAI KRAIKOR KIT                   | 30,247            | -               | 30,247      | 0.00       |
| 3   | Ms. PORNSUK PORNP RAPA                       | 8,100             | -               | 8,100       | 0.00       |
| 4   | Ms. SUPA VADEE PIYAMONGKOLVONG               | 6,000             | -               | 6,000       | 0.00       |
| 5   | Ms. RACHIT KOWATTANAKUL                      | 6,000             | -               | 6,000       | 0.00       |
| 6   | Mr. SUCHART TANGKVIVIJ                       | 5,000             | -               | 5,000       | 0.00       |
| 7   | BANK JULIUS BAER & CO., LTD.                 | 4,800             | -               | 4,800       | 0.00       |
| 8   | Mr. PRACHA LEELAPRACHAKUL                    | 3,624             | -               | 3,624       | 0.00       |
| 9   | Mr. SONGRIT KONGPIPATCHAISIRI                | 3,000             | -               | 3,000       | 0.00       |
| 10  | Mr. PRAPAT SRINUWATTIWONG                    | 3,000             | -               | 3,000       | 0.00       |
| TOTAL SHAREHOLDING OF TOP 10 MAJOR SHAREHOLDERS |  | 921,522,000       | -               | 921,522,000 | 100.00     |
| OTHER SHAREHOLDERS                              |  | 45,588            | 104             | 45,692      | 0.00       |
| GRAND TOTAL                                     |  | 921,567,588       | 104             | 921,567,692 | 100.00     |

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

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

None

## 7.3 Other Securities

### 7.3.1 Debentures issuance

The Company

- None -

### Subsidiary and Affiliate Companies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 7.3.2 Bills of Exchange

#### The Company

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

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

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

#### Subsidiary Companies

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

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

### 7.4 Dividend Policy

#### The Company

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

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

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

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

### Subsidiary Companies

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

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

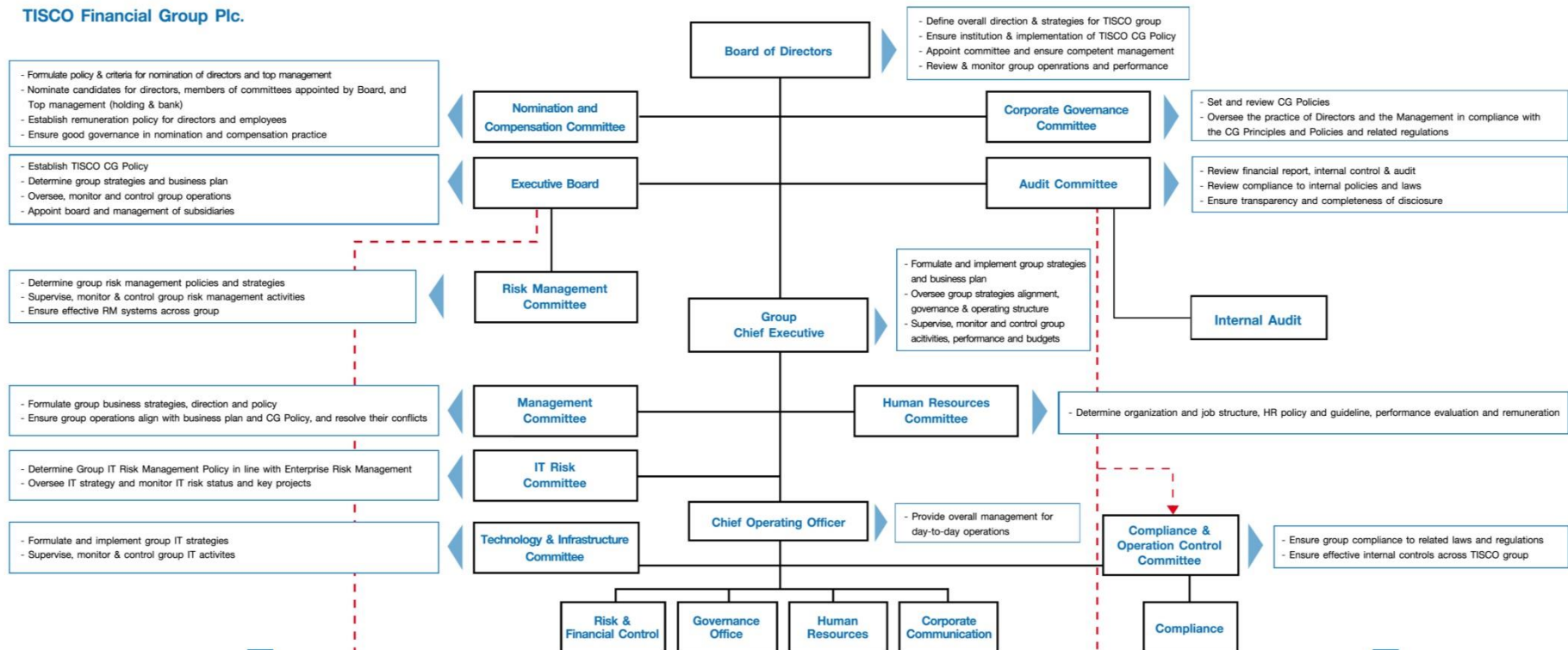
## **8. Management**

### **8.1 Management Structure and Board of Directors**

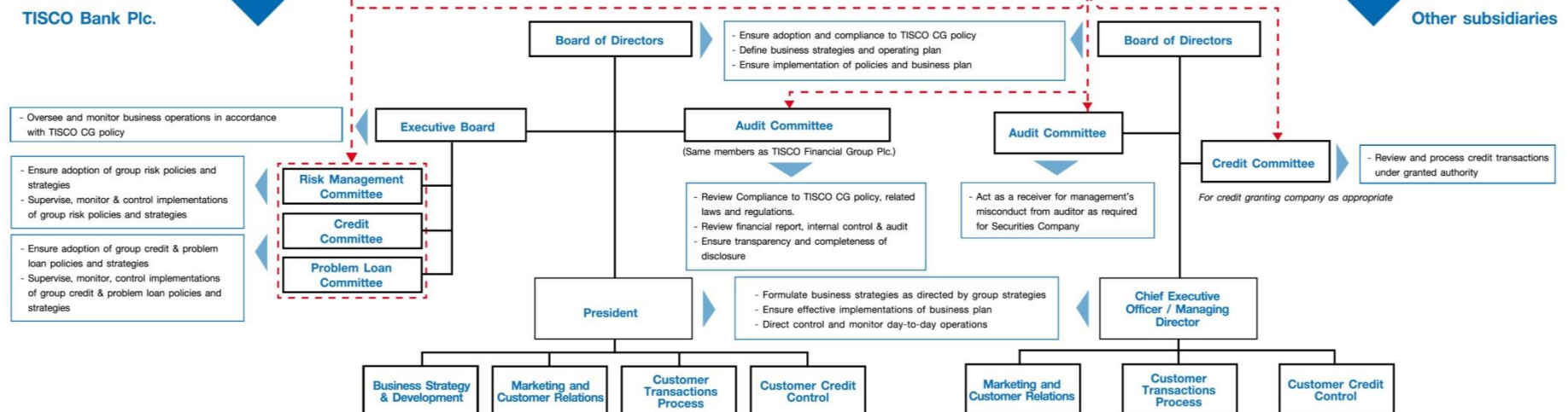
TISCO Financial Group Public Company Limited, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development, compliance and corporate support functions are centralized at the Company for the Company and its subsidiaries to operate the business in accordance with TISCO Group's Corporate Governance Policy. Subsidiary companies function as strategic business unit, responsible for marketing, transaction, and processing and credit control activities.

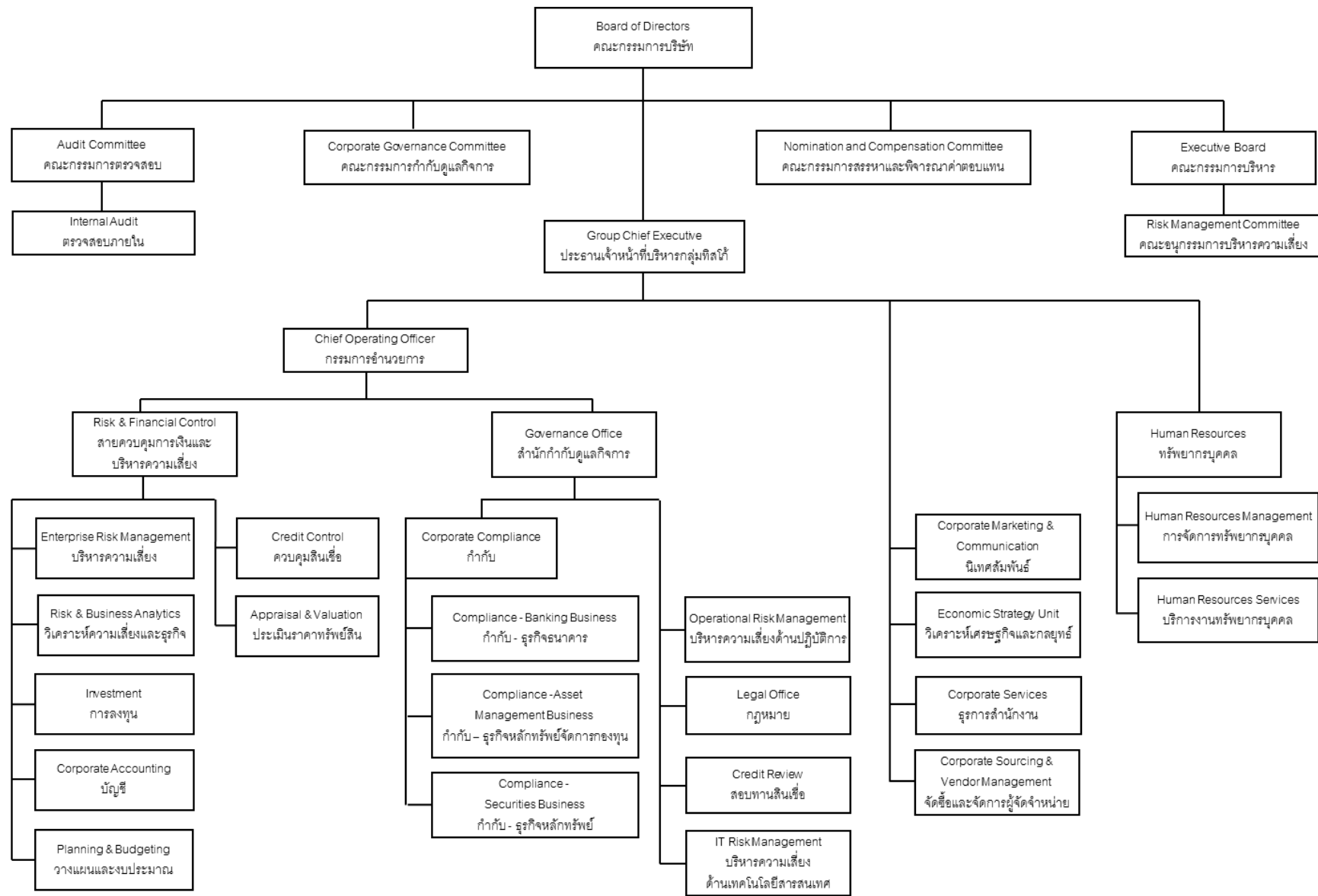
The Board of Directors is responsible for monitoring and controlling business operations of TISCO Group. Other Boards and committees will be appointed according to the needs and suitability to carry out specific missions and tasks. The governance structure of TISCO Group is exhibited as follows:

### TISCO Financial Group Plc.



### TISCO Bank Plc.



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




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

### Board of Directors Structure

The Board of Directors consisted of Directors from diversified backgrounds and experience, with sufficient understanding of banking and finance, economics, law or any other fields deemed appropriate. According to the Company Certificate issued by Department of Business Development, Ministry of Commerce on November 14, 2018, the Board of Directors consisted of 11 directors, including 5 females and 6 males. The election of Board members followed the resolution of the shareholders meetings, as well as the laws and regulations and the Company's Articles of Association. The number of directors is appropriate for the Company's business operations, and the composition is in conformity with the notifications of the Bank of Thailand, the Capital Market Supervisory Board and the regulations of the Securities and Exchange Commission, as well as the diversity of age, gender, experience, and any other appropriate qualifications. As of January 1, 2019, the Board of Directors comprised the following directors:

- The six Independent Directors<sup>1</sup>, 54.55% of the total number of directors, are Mr. Pliu Mangkornkanok, Assoc. Prof. Dr. Angkarat Priebjriwat, Prof. Dr. Pranee Tinakorn, Ms. Patareeya Benjapolchai, Ms. Panada Kanokwat, and Mr. Sathit Aungmanee
- The three Executive Directors<sup>2</sup>, 27.27% of the total number of directors, are Ms. Oranuch Apisaksirikul, Mr. Chi-Hao Sun (Howard Sun), and Mr. Suthas Ruangmanamongkol
- The two Non-executive Directors, 18.18% of the total number of directors, are Mr. Hon Kit Shing (Alexander H. Shing) and Prof. Dr. Teerana Bhongmakapat

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

<sup>2</sup> "Executive Director" means any director who holds an executive position, or any director who is in charge of any actions deemed to be taken by executive, and shall include any authorized director except where it can be demonstrated that such authorized director signs on transactions which have been approved by the board of directors and jointly with other directors, following the Capital Market Supervisory Board's Notification No. TorJor. 28/2551 Re: Application and approval for offering newly issued shares, and/or their amendments (if any).

### 8.1.1 Board of Directors

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

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

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

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

### Authorized Signatory

Ms. Oranuch Apisaksirikul, the Chairperson of the Executive Board and one of the following executive directors namely Mr. Suthas Ruangmanamongkol or Mr. Chi-Hao Sun (Howard Sun), jointly sign with the seal of the Company affixed.

#### Authority and Responsibilities of Chairman of the Board:

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

8. Promote effective relationships and communications between non-executive directors and senior management.
9. Ensure that the performance and effectiveness of the Board and Board Committees are formally evaluated on an annual basis.
10. Monitor and ensure that management has taken appropriate action and/or is properly following up on the recommendations and resolutions made by the Board and Board Committees.

Authority and Responsibilities of Vice Chairman of the Board:

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

Authority and Responsibilities of the Board of Directors:

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

14. Appoint Board Committees, namely, TISCO Audit Committee, TISCO Nomination and Compensation Committee, TISCO Corporate Governance Committee, TISCO Risk Oversight Committee, and TISCO Executive Board as proposed by TISCO NCC, to carry out the tasks assigned by the Board.
15. Appoint a Corporate Secretary to take care of the Board's and directors' activities and administer critical corporate matters in full compliance with all relevant laws and related regulations. The Corporate Secretary's responsibilities also include monitoring compliance to the Board's resolutions and handling the Board and Shareholders' Meetings on matters concerning notices, minutes and other duties as required by related laws and regulations.

The following activities require approval of the Board of Directors:

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

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

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

Details of the Board of Directors of TISCO Bank Public Company Limited, the core company of TISCO Group, are shown in 8.1.6 and Attachment 1-2.

### 8.1.2 Executive Board

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

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

#### Authority and responsibilities of Executive Board:

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

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

### 8.1.3 Audit Committee

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

| Name                                     | Position                           |
|--|------------------------------------|
| 1. Assoc. Prof. Dr. Angkarat Priebjrivat | Chairperson of the Audit Committee |
| 2. Ms. Panada Kanokwat <sup>/1</sup>     | Member of the Audit Committee      |
| 3. Mr. Sathit Aungmanee                  | Member of the Audit Committee      |

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

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

#### Authority and responsibilities of Audit Committee:

1. Review TISCO Group's financial report to ensure accuracy and adequacy.
2. Review and evaluate that TISCO Group has suitable and efficient internal control system and internal audit.
3. Review TISCO Group's operations to ensure compliance with related laws and regulations.
4. Consider, select and nominate the external auditor of TISCO Group, recommend remuneration of such auditor, removal of such auditor, as well as meet with the external auditor at least once a year without participation of management.
5. Consider connected transaction or the transaction that may cause conflict of interest to ensure the appropriateness and best interest of TISCO Group.
6. Review accuracy and completeness of the disclosure of TISCO Group, especially the connected transaction or the transaction that may cause conflict of interest.
7. Prepare and disclose the Audit Committee report signed by the Chairperson of the Audit Committee in an annual report.
8. Consider the independence of TISCO Group's Internal Audit function, and approve Internal Audit Policy, Internal Audit charter, annual audit plan, strategy, key performance indicators, staffing and budget.
9. Appoint, transfer, or dismiss Head of Internal Audit and review an effectiveness and efficiency of Head of Internal Audit's performance
10. Report to the Board of Directors in order that remedial action is taken within the time that the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct which may affect the Company's financial position and performance significantly as follows;
  - Transaction which causes conflict of interest;
  - Fraud or irregularity or material defect in the internal control system;

- Infringement of applicable laws. If the Board of Directors or the management do not take remedial action within the time that the Audit Committee proposed, the Audit Committee shall disclose such infringement in annual report and report to the Bank of Thailand.
11. Conduct the businesses as assigned by the Board of Directors in agreement of the Audit Committee.
  12. Approve Compliance policy and assess the efficiency of compliance risk management.
  13. Review and assess compliance with policies on conflict of interest and significant issues which may incur between TISCO Bank and investors in the funds managed by TISCO Asset Management and report to the Board of Directors.

#### 8.1.4 Nomination and Compensation Committee

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

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

##### Authority and Responsibilities of Nomination and Compensation Committee:

1. Formulate policy, criteria, and method for nominating candidates for directors and Top Management of the Company and its subsidiary companies in TISCO Group to the Board for consideration and submit the policy to regulatory parties upon request.
2. Select and nominate names of qualified candidates to the Board of Directors of the Company and its subsidiary companies, which are directly supervised by financial and capital market regulators (TISCO Bank, TISCO Securities and TISCO Asset Management), for the following positions;
  - Directors
  - Members of committees whose functions, responsibilities and authorities are directly given by the Board of Directors
  - Top Management
  - Advisor(s) to the Board of Directors and/or committees whose functions, responsibilities and authorities are directly given by the Board of Directors
3. Ensure that size and composition of the Board of Directors of the companies in TISCO Group is appropriate for the organization and the business environment. The Board should comprise members who have diversified expertise and experience.
4. Evaluate the Group CEO's performance with input from Chairman of the Board of Directors, Chairpersons of the Audit Committee, the Corporate Governance Committee, and the Risk Oversight Committee and propose result to the Board of Directors for approval.
5. Ensure that the meeting(s) between the Board and members of Management Committee in absence of the Group CEO is arranged at least once a year prior to his/her annual performance assessment.
6. Ensure that succession plan for Group CEO and members of Management Committee of the companies in TISCO Group is properly developed to allow smooth and continuity of business operations, and that such plan is reviewed periodically.
7. Ensure that the professional development program for Directors and Management are assorted properly.
8. Disclose the nomination policy and process in the Annual Report.

##### Compensation

9. Review and establish clear and transparent remuneration and benefit policy and criteria for the directors, committee members, Advisor(s) and TISCO Group's employees as proposed by the management.
10. Ensure that the Board remuneration is commensurate with their duties and responsibilities. Board members who handle the extra assignments should be compensated accordingly.

11. Devise performance assessment criteria for board members and TISCO Group's employees for annual remuneration review, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value.
12. Review and approve promotion, remuneration, and benefit of Group CEO.
13. Review and consider the Group CEO's proposal for appointment, performance evaluation, promotion, remuneration, and benefit of each member of Management Committee and one further level down.
14. Review and consider the management's proposals for the total amount of annual performance-oriented, short-term and long-term incentives as well as merit increase for TISCO Group's employee.
15. Disclose the remuneration policy, actual payment in various forms for directors as well as prepare and disclose the Committee's report that at least covers the objectives, activities and opinion of the Committee in the Annual Report.
16. Report activities to the Board of Directors on a regular basis.
17. Conduct the activities as assigned by the Board of Directors in agreement of the Nomination and Compensation Committee.

### 8.1.5 Corporate Governance Committee

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

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

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

1. Formulate and review the structure, scope, and policy of TISCO Corporate Governance and Code of Conduct for the Board of Directors' consideration and approval.
2. Give advice to the Board of Directors on the structure, roles and responsibilities, practice and charter of the Board of Directors and Board committees.
3. Review and oversee the corporate governance practice of the Board of Directors, Board committees, and the Management in compliance with Corporate Governance Policy, Code of Conduct and related laws and regulations including communication to directors, management, and employees.
4. Review result of corporate governance and sustainable development assessments by outside agencies and make recommendation to the Board of Directors.
5. Review corporate governance and sustainable development practices of TISCO by benchmarking to that of domestic and international standards and best practices for further improvement.
6. Work as a consulting body for the Board of Directors and the Management on matters regarding corporate governance and code of conduct.
7. Monitor the implementation of TISCO Corporate Governance Policy and Guidelines, TISCO Sustainable Development Policy, TISCO Code of Conducts, TISCO Whistleblowing Policy and report its findings to the Board.
8. Review Sustainable Development Policy, oversee work-plans and practices to ensure alignment with TISCO sustainable development policy, framework and strategy, and provide advice related to sustainable development issues.
9. Consider the self-authorized transaction on expenses and business leave as reported by the Chairperson of the Executive Board and the Group CEO on a monthly basis.
10. Monitor the adequacy of the company's disclosure practices relevance to sustainability development and corporate governance.
11. Perform other duties as assigned by the Board of Directors.



## Board of Directors' Meeting of the Company

Board Meetings and Subcommittee Meetings are regularly scheduled in advance so that each member of the Board can manage their time to attend the meetings. Furthermore, in case of special agenda, additional meetings may be scheduled as necessary. The Board of Directors also assigns the Corporate Secretary or the Subcommittee Secretary to send out notice of the meeting together with documents relating to the meeting agenda, stating clearly which matters are to be acknowledged, approved, or considered, to every director at least 7 days prior to the date set for the meeting, and notify related committees and managements 14-21 days prior each meetings. In case of the most confidential document the Corporate Secretary may hand over the documents with header label 'CONFIDENTIAL' during the meeting then collect them back after the meeting adjourned.

The Board of Directors' Meeting No. 5/2018 on October 26, 2018 approved the preliminary schedule of the Board of Directors Meetings and the Subcommittee Meetings for the Year 2019 in advance which not include special meeting and the schedule may be changed. Details are as follows:

| No. of the Meeting | Board of Directors           | Executive Board                | Audit Committee               | Nomination and Compensation Committee | Corporate Governance Committee |
|--------------------|------------------------------|--------------------------------|-------------------------------|---------------------------------------|--------------------------------|
| No. 1/2019         | Tuesday<br>February 26, 2019 | Thursday<br>January 17, 2019   | Friday<br>January 11, 2019    | Tuesday<br>February 26, 2019          | Thursday<br>February 14, 2019  |
| No. 2/2019         | Tuesday<br>April 30, 2019    | Monday<br>February 26, 2019    | Monday<br>February 11, 2019   | Tuesday<br>April 30, 2019             | Friday<br>July 12, 2019        |
| No. 3/2019         | Thursday<br>June 20, 2019    | Tuesday<br>March 19, 2019      | Friday<br>March 8, 2019       | Thursday<br>June 20, 2019             | Friday<br>November 15, 2019    |
| No. 4/2019         | Tuesday<br>August 27, 2019   | Tuesday<br>April 30, 2019      | Wednesday<br>April 5, 2019    | Tuesday<br>August 27, 2019            | -                              |
| No. 5/2019         | Friday<br>October 25, 2019   | Friday<br>May 24, 2019         | Monday<br>May 10, 2019        | Friday<br>October 25, 2019            | -                              |
| No. 6/2019         | Monday<br>December 16, 2019  | Thursday<br>June 20, 2019      | Monday<br>June 10, 2019       | Monday<br>December 16, 2019           | -                              |
| No. 7/2019         | -                            | Thursday<br>July 18, 2019      | Friday<br>July 5, 2019        | -                                     | -                              |
| No. 8/2019         | -                            | Tuesday<br>August 27, 2019     | Friday<br>August 9, 2019      | -                                     | -                              |
| No. 9/2019         | -                            | Thursday<br>September 19, 2019 | Friday<br>September 6, 2019   | -                                     | -                              |
| No. 10/2019        | -                            | Friday<br>October 25, 2019     | Friday<br>October 4, 2019     | -                                     | -                              |
| No. 11/2019        | -                            | Thursday<br>November 21, 2019  | Monday<br>November 11, 2019   | -                                     | -                              |
| No. 12/2019        | -                            | Monday<br>December 16, 2019    | Wednesday<br>December 4, 2019 | -                                     | -                              |

The Board of Directors promotes transparent consideration of each issue and allocates adequate time for the management to present issues, with adequate time set aside for directors to thoroughly discuss important matters. The Board encourages the management to attend the Board of Directors Meeting to present additional information relevant to their responsibilities.

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

meetings, the Corporate Secretary and the Subcommittee Secretary are responsible for preparing minutes of the meeting in which all issues, contents, and opinions are properly recorded and kept for inspection.

The Company also encourages non-executive directors to hold meetings as necessary to discuss issues without executive attendance. In 2018, there was one meeting among non-executive directors on June 22, 2018.

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

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

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

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

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

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

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

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

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

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

<sup>/2</sup> Mr. Panada Kanokwat was appointed as an Independent Director by the Annual General Meeting of Shareholders for the Year 2018, which effective from April 23, 2018.

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

### Authorized Signatory

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

### Chairman of the Board

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

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

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

1. Approve business & operating plan of the Bank, as directed by TISCO Group's corporate strategies and business plan.

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

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

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

#### 8.1.6.2 TISCO Bank's Executive Board

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

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

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

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

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

#### **8.1.6.3 Audit Committee**

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

| <b>Name</b>                              | <b>Position</b>                    |
|--|------------------------------------|
| 1. Assoc. Prof. Dr. Angkarat Priebjrivat | Chairperson of the Audit Committee |
| 2. Ms. Panada Kanokwat <sup>/1</sup>     | Member of the Audit Committee      |
| 3. Mr. Sathit Aungmanee                  | Member of the Audit Committee      |

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

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

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

#### Authority and responsibilities of Audit Committee:

Under consolidated supervision framework, TISCO Corporate Governance Policy constitutes all key policies and guidelines concerning the governance and operating structure of TISCO Group, business strategy, management and operations, risk and controls, human resources, finance and accounting, and corporate affairs, and public and customer communications. The Audit Committee shall carry out the following responsibilities within the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders. The Audit Committee has authority and responsibilities as detailed below;

1. Review the Bank's financial report to ensure accuracy and adequacy.
2. Review and evaluate that the Bank has suitable and efficient internal control system and internal audit.
3. Nominate and/or remove the independent person to be the external auditor of the Bank and recommend remuneration of such auditor as determined by the Audit Committee of the parent company as well as meet with the external auditor at least once a year without participation of management.
4. Ensure the accuracy and completeness of the disclosure of the Bank, especially the connected transaction or the transaction that may cause conflict of interest.
5. Prepare and disclose the Audit Committee report signed by the Chairperson of the Audit Committee in an annual report.

6. Report to the Board of Directors of the Bank and Audit Committee of the parent company in order that remedial action is taken within the time that the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct which may affect the Bank's financial position and performance significantly as follows;
  - Transaction which causes conflict of interest;
  - Fraud or irregularity or material defect in the internal control system;
  - Infringement of applicable laws and regulations of related regulatory agencies. If the Board of Directors or the management do not take remedial action within the time that the Audit Committee proposed, the Audit Committee shall disclose such infringement in annual report and report to the Bank of Thailand
7. Conduct the businesses as assigned by the Board in agreement of the Audit Committee.
8. Report audit activities to the Board of Directors on a regular basis.
9. Report audit activities to the Audit Committee of the Parent Company on a regular basis in compliance with Consolidated Supervision Principle of the Bank of Thailand.

**Details of meeting attendance of TISCO Bank Public Company Limited's directors in 2018 are as follows:**

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

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

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

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

## 8.2 Management

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



As of January 1, 2019, Management Committee of the TISCO Group as defined by the Securities and Exchange Commission comprised the following members:

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

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

#### Authority and Responsibilities of Management Committee:

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



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

Authority and Responsibilities of the Group Chief Executive:

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

Authority and Responsibilities of Chief Operating Officer:

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

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

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

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

### 8.2.1 Management of TISCO Bank

As of January 1, 2019, the Management of TISCO Bank comprised of 44 persons, the first to eighth is the member of management as defined by the Securities and Exchange Commission<sup>1</sup> and are the top managements of TISCO Financial Group Public Company Limited are seconded to manage the Bank which shown in page 8-21. Members are in the following:

| Name   | Position   |
|--|--|
| 1. Mr. Sakchai Peechapat <sup>/1</sup>         | President  |
| 2. Mr. Pitada Vatcharasiritham <sup>/1</sup>   | Senior Executive Vice President - Corporate Banking                                    |
| 3. Mr. Chalit Silpsrikul <sup>/1</sup>         | Senior Executive Vice President - Retail Banking                                       |
| 4. Mr. Metha Pingsuthiwong <sup>/1</sup>       | Senior Executive Vice President -<br>Wealth Management & Banking Services              |
| 5. Mr. Rungroj Jarasvijitkul <sup>/1</sup>     | Executive Vice President - Retail Banking - Sales & Marketing 1                        |
| 6. Mr. Yuttpong Sriwongjanya <sup>/1</sup>     | Executive Vice President - Retail Banking - Sales & Marketing 2                        |
| 7. Mr. Dejphinun Suthadsanasoung <sup>/1</sup> | Executive Vice President - Retail Banking-Operations                                   |
| 8. Mr. Picha Ratanatam <sup>/1</sup>           | Executive Vice President - Wealth Management   |
| 9. Ms. Rachada Pruksanubal                     | Head of Banking Services, Acting Head of Treasury<br>and Acting Head of Fund Operation |
| 10. Mr. Manop Petdamrongsakul                  | Head of Corporate Finance  |
| 11. Mrs. Malatip Swintara                      | Co-Head of Business and Risk Assessment  |
| 12. Ms. Sunee Tongsombutpanich                 | Head of Business and Risk Assessment   |
| 13. Ms. Rapeeporn Ounchalanon                  | Head of Loan Administration  |
| 14. Mrs. Savika Jongpakpaisal                  | Head of Loan Documentation   |
| 15. Mr. Wittaya Mettaviharee                   | Assistant Head of Retail Banking - Sales & Marketing 1                                 |
| 16. Mr. Noppadol Chumwong                      | Head of Hire Purchase  |
| 17. Ms. Parichat Suthatsanasuang               | Head of Hire Purchase - Captive  |
| 18. Mr. Teerayuth Prasertrattanadacho          | Head of Retail Marketing & Business Development  |
| 19. Mr. Suthep Trivannakij                     | Head of Branch Channel 1   |
| 20. Mr. Somboon Siriruck                       | Head of Branch Channel 2   |
| 21. Mr. Thawan Wichitwatee                     | Head of Branch Channel 3   |
| 22. Ms. Wipa Mettaviharee                      | Head of All Finance & Direct Sales   |
| 23. Ms. Penthip Laoboontharoen                 | Head of Retail & SME Credit  |
| 24. Mr. Worapan Luanguthai                     | Head of Retail Collection  |
| 25. Mr. Worapoth Tirakaroon                    | Head of Retail Service & Support   |
| 26. Mr. Sukit Sakulwongyai                     | Head of Retail Follow-up & Legal   |
| 27. Mr. Nattanan Ananpreeyavit                 | Head of Contact Center   |
| 28. Mr. Konchai Udomsrisuk                     | Head of Retail Solution Development  |
| 29. Mr. Prakrit Shoonhasriwong                 | Head of Mortgage Loan  |
| 30. Mrs. Wantana Kitchpanich                   | Head of Branch Operations Support  |
| 31. Mr. Thanom Chairoondeekul                  | Deputy Head of Wealth Management   |
| 32. Mrs. Duangporn Yiemwanichnun               | Head of Private Banking  |
| 33. ML. Waraporn Worawarn                      | Head of Wealth Product   |
| 34. Ms. Saranya Weeramahawong                  | Head of Personal Banking 1   |
| 35. Mrs. Atchara Petchsangroj                  | Head of Personal Banking 2   |
| 36. Mrs. Vorasinee Sethabutr                   | Head of Wealth Product Development   |
| 37. Mr. Nattakrit Laotaweessap                 | Head of Wealth Advisory  |

<sup>1</sup> Both First Executive Vice President of Risk & Financial Control, Mr. Chatri Chandrangam, and Head of Corporate Accounting, Ms. Chutintorn Vigasi, are employed under TISCO Financial Group Public Company Limited

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

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

<sup>/2</sup> Both First Executive Vice President of Risk & Financial Control, Mr. Chatri Chandrangam, and Head of Corporate Accounting, Ms. Chutintorn Vigasi, are employed under TISCO Financial Group Public Company Limited

As TISCO Corporate Governance Policy, all support and control functions will be centralized at the parent company. These centralized operations cover the areas of risk oversight. The parent company will applied across all subsidiary companies including TISCO Bank. Therefore, all heads of risk oversight functions are management of TISCO Financial Group Public Company Limited, such as head of risk management function, compliance function, and internal audit function as management number 17, 23-27, 29 and 31 of TISCO Financial Group Public Company Limited as presented in page 8-23 and 8-24.

#### Authority and Responsibilities of President:

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

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

### **8.3 Corporate Secretary**

The Board of Directors have appointed Mr. Pairat Srivilairit as the Corporate Secretary, effective from September 1, 2013, to be responsible for preparing and maintaining director profile, notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and management's report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board. *(Profiles and qualification of Corporate Secretary as shown in Attachment 1)*

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

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

The remuneration of directors, proposed by the Nomination and Compensation Committee, shall be approved by shareholders. The scale and components of remuneration for directors and management has been set subject to the principle that such remuneration should be appealing enough to attract and retain quality directors, but avoid excessive pays. Remuneration for directors should be comparable to the general practice in the industry with regard to work experience and commitment, as well as the benefits each director

brings. In addition, the remuneration shall be reviewed in comparison to comparable listed companies with similar size of business and the listed company average.

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

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

Apart from the remuneration payable to directors of TISCO Financial Group Public Company Limited, TISCO Group only pays remuneration to subsidiary companies' directors who are non-executive director(s), that do not hold any directorship in TISCO Financial Group Public Company Limited and/or management position in TISCO Group of companies, in the same form and amount of TISCO Financial Group Public Company Limited's director. TISCO Group does not pay Executive Board meeting fee to director(s) who hold management position and full-time employment in TISCO Group, effective from January 1, 2017, to be valid until amended.

#### 8.4.2 Financial Remuneration

The Company's shareholders approved at the Shareholders Annual General Meeting for the Year 2018, the annual directors' remuneration in the form of reward, monthly fee, meeting fee and bonus at the amount of not greater than 3,300,000 baht for the Chairman of the Board and not greater than 950,000 baht for each Board member, to be valid until amended. There is no policy to contribute annual bonus to director.

The Board of Directors, under the authority delegated by the shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors. Following the Board of Directors Meeting No. 2/2018 on April 24, 2018 approved new directors' remuneration to be allocated as follows:

(Unit: Baht)

|  | Monthly Fee | Meeting Fee |
|--|-------------|-------------|
| <b>Board of Directors</b>                    |             |             |
| Chairman                                     | 240,000     | 60,000      |
| Member                                       | 50,000      | 50,000      |
| Advisor                                      | 40,000      | -           |
| <b>Executive Board</b>                       |             |             |
| Chairperson                                  | -           | 60,000      |
| Member                                       | -           | 50,000      |
| <b>Audit Committee</b>                       |             |             |
| Chairperson                                  | -           | 60,000      |
| Member                                       | -           | 50,000      |
| <b>Nomination and Compensation Committee</b> |             |             |
| Chairperson                                  | -           | 60,000      |
| Member                                       | -           | 50,000      |
| <b>Corporate Governance Committee</b>        |             |             |
| Chairperson                                  | -           | 60,000      |
| Member                                       | -           | 50,000      |

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

(Unit: Baht)

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

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

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

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

In 2018, total remuneration for the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee (13 members) was Baht 15,990,000, Advisor to the Board of Directors (1 member) was Baht 480,000, the total amount was Baht 16,470,000, additionally, the Management (39 persons <sup>1/1</sup>) was Baht 404,452,271.67, the total amount was Baht 420,922,271.67. This was paid in the form of monthly compensation, meeting fees, provident fund, and bonuses, which varied according to TISCO Group's performance.

**Remuneration for subsidiary companies' directors**

Regarding directors' remuneration for companies in TISCO Group, in addition to directors' remunerations paid to directors of TISCO, the Parent Company, in 2018, there are also remuneration to be paid to directors who do not hold any directorship in TISCO and/or management position in other subsidiary companies in the same form and amount to TISCO Board member, to be valid until amended. The Board of Directors of each subsidiary company, under the authority delegated by its shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors.

**Total of Board of Directors' remuneration of TISCO Bank Public Company for the Year 2018**

| Name   | Monthly Fee    | Meeting Fee        |                 |                 |                |
|--|----------------|--------------------|-----------------|-----------------|----------------|
|  |                | Board of Directors | Executive Board | Audit Committee | Total          |
| 1. Mr. Charatpong Chotigavanich <sup>1/1</sup> | 200,000        | 100,000            | -               | -               | 300,000        |
| <b>Total</b>                                   | <b>200,000</b> | <b>100,000</b>     | <b>-</b>        | <b>-</b>        | <b>300,000</b> |

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

In 2018, TISCO Bank, the core company of TISCO Group, paid remuneration to one (1) director at Baht 300,000 and 34 <sup>1/2</sup> Managements (excluding 8 persons which are the Parent Company's management and seconded to manage TISCO Bank), was Baht 173,566,493.08. This was paid in form of monthly compensation, salaries, provident funds, and bonuses which varied according to TISCO Bank performance.



### 8.4.3 Other Remuneration

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

1. Executive vehicle for the Chairman of the Board with full support of related expenses incurred including vehicle checkup, maintenance, annual registration, and auto insurance
2. Group Life and Accident Insurance with maximum summed insure of 6,000,000 Baht. The Company provides Health Insurance with maximum summed insure of 5,000,000 Baht instead for director(s) who are Thai national and over 60 years old
3. Directors & Officers Liability Insurance (D&O) with liability limit of no more than USD 6,000,000

### 8.5 Human Resources

As of December 31, 2018, the total number of employees at TISCO Group was 4,823 (excluding senior management) of which 4,305 were permanent employees and 518 contract staff.

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

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

#### 8.5.1 TISCO Group Registered Provident Fund

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

**Employee's Contribution:** Members shall remit contributions to the fund by granting the Employer permission to make deductions from their monthly salary. Members have two alternatives; to remit contributions at 5% or 10% or 15% of monthly salary, or at the same rate as the employer's contribution, which can be changed once a year.

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

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



The fund is supervised by the fund committee, which is comprised of the employee's elected representatives and the employer's appointed representatives. Terms for fund committee members are valid for two years, and any individual can be re-elected or re-appointed. The fund committee is responsible for the supervision of fund management and investment policy. To broaden choices of employees for more suit their risk appetite and needs, TISCO Group Provident Fund employs a master fund with 4 investment policies (sub funds) which are Fixed Income, Mixed, Equity and Foreign investments. There are 16 predefined investment allocation choices for members to choose from. Presently, the TISCO Group Master Fund Committee allows members to switch their investment policies twice a year.

### 8.5.2 General Human Resources Policies

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

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

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

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

#### 2. Hiring

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

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

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

#### 3. Employment at TISCO Group

To uphold the highest standards of Good Corporate Governance, TISCO Group has established a **"Business Code of Conduct"** that demonstrates its determination to be a good corporate citizen in society. These principles are to be respected everywhere and under all circumstances. The management will implement the necessary processes to ensure that these principles are enforced at all levels. Employees who fail to abide with the Business

Code of Conduct cannot be maintained in employment and will be asked to leave the organization. Employees should also inform vendors, suppliers and the providers of outsourced services of our Business Code of Conduct in the issues related to them and they should comply.

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

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

##### **4.1 Assessment**

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

##### **4.2 Development**

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

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

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

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

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

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

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

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

The components of the performance management system and process are outlined in the guidelines and manuals that support Human Resource policy and will be developed, updated and maintained by the Human Resources function.

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

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

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

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

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

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

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

TISCO Group rewards employees in the following aspects:

### **7.1 Pay for roles and responsibilities**

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

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

### **7.2 Pay for performance**

Performance objectives and targets for each employee are preset and agreed at the beginning of the financial year. Employees who meet their target are entitled to earn rewards in the form of monetary bonuses or incentives of any form that TISCO Group will announce in the future. In term of target setting, the individual performance measures must be aligned with business target e.g. business volume, operating expenses, as well as risks related to business activities, and etc.

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

## 8. Human Resources Administration

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

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

### Occupational Safety and Health

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

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

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

From the statistics report on injury, occupational diseases and death due to the work in 2018, there were no employees who died from work. However, there were 73 employees that injured or sick due to work related illnesses, which can be divided into various cases as follows:

| Type of injuries, occupational diseases and number of work-related fatalities | Employees' Location         | Number of reported case |        | Number of lost day |        |
|---|-----------------------------|-------------------------|--------|--------------------|--------|
|   |                             | Male                    | Female | Male               | Female |
| Injuries  |                             |                         |        |                    |        |
| • Minor Wound   | Head Office                 | 4                       | -      | -                  | -      |
|   | Bangkok Metropolitan Region | -                       | -      | -                  | -      |
|   | Provincial                  | 1                       | -      | 4                  | -      |
| Occupational Diseases   |                             |                         |        |                    |        |
| • Noise-induced hearing loss  | Head Office                 | 9                       | -      | -                  | -      |
|   | Bangkok Metropolitan Region | 9                       | 6      | -                  | -      |
|   | Provincial                  | -                       | -      | -                  | -      |
| • Musculoskeletal strain  | Head Office                 | 2                       | 1      | -                  | -      |
|   | Bangkok Metropolitan Region | -                       | 2      | -                  | 2      |
|   | Provincial                  | 1                       | -      | -                  | -      |
| • Vision  | Head Office                 | 31                      | -      | -                  | -      |
|   | Bangkok Metropolitan Region | -                       | -      | -                  | -      |
|   | Provincial                  | -                       | -      | -                  | -      |
| • Pulmonary function  | Head Office                 | 7                       | -      | -                  | -      |
|   | Bangkok Metropolitan Region | -                       | -      | -                  | -      |
|   | Provincial                  | -                       | -      | -                  | -      |
| Fatalities  |                             |                         |        |                    |        |
| • Work-Related Fatalities   | Head Office                 | -                       | -      | -                  | -      |
|   | Bangkok Metropolitan Region | -                       | -      | -                  | -      |
|   | Provincial                  | -                       | -      | -                  | -      |

## Details of Occupational Safety and Health

| Data                                       | Unit   | January - December 2018 |        |             |                             |            |             |
|--|--|-------------------------|--------|-------------|-----------------------------|------------|-------------|
|  |  | Male                    | Female | Head Office | Bangkok Metropolitan Region | Provincial | TISCO Group |
| Injury Rate: IR                            | Number of employee per 200,000 working hours | 0.07                    | 0.04   | 0.00        | 0.21                        | 0.11       | 0.05        |
| Lost Time Injury Rate: LTIR                | Number of employee per 200,000 working hours | 0.07                    | 0.00   | 0.00        | 0.00                        | 0.11       | 0.02        |
| Lost Day Injury Rate: LDIR                 | Number of lost day per 200,000 working hours | 0.28                    | 0.00   | 0.00        | 0.00                        | 0.43       | 0.10        |
| Occupational Disease Rate: ODR             | Number of employee per 200,000 working hours | 4.02                    | 0.38   | 1.90        | 3.51                        | 0.11       | 1.68        |
| Absentee Rate: AR                          | Percent                                      | 1.06                    | 1.28   | 1.44        | 0.79                        | 0.74       | 1.20        |
| Number of sick leave                       | Day  | 4,862                   | 10,391 | 11,859      | 1,173                       | 2,221      | 15,253      |
| Total of sick leave days unrelated to work | Day x 7.30 working hours                     | 35,493                  | 75,854 | 86,571      | 8,563                       | 16,213     | 111,347     |

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

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

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

4. Working hours - refers to working hours information from the Employee Self Service system of the full time employees during January and December 2018. Working hours include overtime and actual working hours of employees resigned during the year

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

## 9. Succession Planning

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

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

### 8.5.3 Organizational Development & the Learning process

As a part of an ongoing plan towards becoming a learning organization, TISCO Group has continued to invest substantially in a program to develop all levels of personnel so that they can fully contribute to the organization and its stakeholders. The TISCO Learning Center has been formed as a new unit dedicating to deliver training programs and roadmaps to enhance the organization competencies, including performance and competency development, productivity improvement, leadership and developmental effectiveness. TISCO Group continued to implement various development programs which totaled 7 programs as follows;

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

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

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

Teller Academy Program has been designed and continuously updated to equip new TISCO Bank tellers with all the necessary bank teller skills plus the awareness of risk management as well as customer services. Regular refresh courses are also administrated for all existing tellers to ensure that desired level of expertise can be maintained. All tellers are trained on the newly implemented core deposit system; ensure smooth operation which will allow tellers to

provide better serve the clients.

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

Along with the improvement of tellers as customer service team, a dedicated and expertise team of wealth relationship managers has been developed for all segments of customers. The program aims to build financial and investment expertise and customer priority of the growing team of relationship managers. This is to ensure that the objective of increasing share of depositors can be achieved. In addition, TISCO is in the process to upgrade financial advisory skills of its wealth relationship manager by ensuring that they hold necessary professional licenses, including the Certified Financial Planner (CFP) accreditation.

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

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

### **1.4 Hire Purchase Manager Program**

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

### **1.5 Somwang Onboarding Program**

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

### **1.6 Somwang District Manager Program**

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

### **1.7 Branch Manager Program**

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

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

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



### **3. Executive Trainee Development Program**

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

### **4. Competencies Development Program**

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

### **5. TISCO Values cultivation program**

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

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

Employee Activities and internal communication is also emphasis in maintains value behaviors. "Creativity" is enhanced in recognition, innovation contest, and creates opportunities for employee to freely participate in developing solutions. TISCO employee survey of 2018 indicates that TISCO employees are able to reflect TISCO values outstandingly at average score of 8.08 out of 10. "Integrity and Mastery" are top values that employees valued and reflect distinctively which aligned with TISCO vision and mission. The survey also reveals overall satisfaction of TISCO Corporate Culture at 8.40 out of 10.

### **6. Learning Management System and e-Learning**

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

### **7. Knowledge Management**

TISCO Group values expertise and successful factors which have been accumulated and inherited in our corporate traditionally. To gather and apply this knowledge efficiently, this KNOWLEDGE MANAGEMENT is established to completely collect corporate's knowledge. This process begins from gathering knowledge from expert and experienced personnel as well as retired employees and systematically categorized to publish to our employees to learn and as a resource in continuously developing personnel in the future. In addition, there are other staff development programs of 392 programs.

In addition, TISCO has more 392 training programs.



| Development Program   |   |  |
|---|---|--|
| <b>Development programs to support business &amp; marketing plans</b> <ul style="list-style-type: none"> <li>The Teller academy</li> <li>Wealth Academy for Wealth Relationship Managers</li> <li>Hire Purchase Marketing Development Program</li> <li>Hire Purchase Manager Program</li> <li>Branch Manager Program</li> <li>All-Finance Program</li> <li>Customer Service Program</li> <li>Somwang Onboarding Program</li> <li>Somwang District Manager Program</li> <li>Refresh Investment Planning Program</li> </ul> | <b>TISCO Leadership Development Program</b> <ul style="list-style-type: none"> <li>Mid-level Executive Program</li> <li>Entry-level Executive Program</li> <li>Executive Trainee Development Program</li> </ul> <b>TISCO Values cultivation program</b> | <b>Competencies Development Program</b> <p>Provide learning roadmap in accordance with each business function</p>  |
|   | <b>Learning Management System and e-Learning</b>  | <b>Knowledge Management</b> <p>Gathering knowledge from expert and experienced personnel as well as retired employees and systematically categorized to publish to our employees to learn and as a resource in continuously developing personnel in the future</p> |

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

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

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

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

TISCO Corporate Governance Policy covers composition, roles and responsibility demonstrated in Corporate Governance Structure, Corporate Governance Practices, Governance Structure, Corporate Compliance Roles and Responsibilities, and Centralized Policies for in order to ensure that the Company and its subsidiaries strictly and regularly comply with the Group's Corporate Governance Policy among directors, management, and employees through five principles of good Corporate Governance: Rights of Shareholders, Equitable Treatment of Shareholders, Roles of Stakeholders, Disclosure and Transparency, Board Responsibilities, and Integrity and Ethics in order to ensure that TISCO Group's subsidiaries carry out duties with maximum accountability, transparency, and equitable treatment to all stakeholders so as to promote managerial integrity, effectiveness and efficiency across the group. *(Details of Corporate Governance Policy are presented on [www.tisco.co.th](http://www.tisco.co.th)).*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Notification of Meeting Details and Materials

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

For the 2018 Annual General Meeting, TISCO disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 26, 2018 and disclosed Notice of the shareholder meeting in both Thai and English languages through the Stock Exchange of Thailand's information dissemination channel and its website since March 20, 2018 and sent Notice of the shareholder meeting and the meeting materials to shareholders since March 30, 2018 which was 34 and 24 days before the date of shareholders meeting, respectively, in conformance with the good corporate governance practices.

- Meeting attendance

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

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

- Shareholders' opportunity for query and comment

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

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

- Conduct of the meeting and voting

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

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

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

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

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

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

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

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

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

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

## **2. Interest of Stakeholders**

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

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

### **1. Shareholders**

In addition to direct benefits resulting from the rights and equitable treatment shareholders received from TISCO, they indirectly gain from the trust created by the fair treatment TISCO has given to other stakeholders. Such mutual trust in turn promotes co-operation between TISCO and its counterparts and is believed to be the key



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

## 2. Employees

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

## 3. Customers

TISCO strives to maintain a sustainable relationship with customers. TISCO fulfills its contractual commitments to customers by providing professional and practical solution which is beneficial and worthwhile for customers in accordance with the highest standard and code of conduct without accepting any bribe or giving any form of benefit in an improper manner.

## 4. Business Partners and Creditors

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

## 5. Competitors

TISCO operates its business with respect for free and fair competition and integrity, works within the framework of applicable competition regulations, and refrains from action that may have a negative impact on the financial industry such as cartel, monopoly, or criticizing other banks.

## 6. Social and Environment

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

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

### **Whistleblowing Policy**

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

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



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

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

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

#### **Complaint Channels**

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

### **3. Disclosure and Transparency**

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

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

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

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

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

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

1. 4 Quarterly Analyst Meetings with approximately 60 persons attended each meeting
2. 2 Press Conferences with approximately 30 media representatives attended each conference
3. 2 SET Opportunity Days, arranged by the Stock Exchange of Thailand, with approximately 40 analysts and investors attended the meeting
4. 37 Company Visits and 13 conference calls with investors and equity analysts, both local and foreign
5. Meetings with investors, both local and foreign in America, Europe and Asia including Singapore, Hong Kong, and Malaysia. The details are as follows;

- 5.1 13 Investor Conferences; comprising 8 local conferences and 5 international conferences, covering 128 investors attended

For more information, please contact Investor Relations at:

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

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

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

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

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

##### **4.1 Board Structure**

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

The Board members are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, ability to make independent analytical inquiries, their understanding of TISCO Group's business

environment, and alignment with TISCO GROUP's strategy. TISCO has clearly established the proper structure of the Board as well as Guidelines for Board Composition and Selection Criteria with regard to the proportion of independent directors, non-executive directors, director who is management, and directors nominated by major shareholders to ensure the appropriateness of the Board's composition. In addition, the term of office of TISCO's directors is 1 year as specified in the Articles of Association, whereby the whole Board of Directors shall be simultaneously elected at the annual general meeting each year. However, the former Board of Directors shall remain in office to conduct the business of the Company as necessary until the new Board of Directors take office.

Recognizing the crucial of their roles and to be in compliance with the Bank of Thailand regulations, directors, managers and person with controlling power are allowed to assume the position of Chairman, executive director, or director with signatory authority in no more than 3 listed companies and holding the director position, management, authorized person or advisor whose possesses director duties within 5 locally and internationally listed companies, excluding listed companies from debt restructuring. Directors and management should avoid other positions or jobs that may lead to conflicts of interest.

In achieving transparency and the proper balance of power, the Chairman of the Board shall be independent director and/or non-executive director. In addition, the Chairman of the Board shall not be a member in any other committees. This is to ensure independent views of the committees. And the Chairperson of the Audit Committee must not be Chairman of the Board, Nomination and Compensation Committee and Risk Oversight Committee. Moreover, the Board also clearly separates its roles and responsibilities from those of management to ensure a proper balance of power with the aim of avoiding a situation whereby a single individual has absolute power in decision making. For example, the Chairman of the Board and the top management shall not be the same person, and their roles and responsibilities must be clearly separated.

To achieve high standards of performance, the Board delegates other committees to take on tasks that require in-depth consideration, such as the Audit Committee, the Nomination and Compensation Committee, and Corporate Governance Committee. Each committee will have a proper structure as well as guidelines for composition and selection criteria. It will also have its own written charter that sets out its mandate, operating policies and guidelines.

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

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

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

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

The Board should oversee the development of a long-term strategic plan, which reflects the Board's general business philosophy and vision for the future of TISCO Group. Short-term business plans should outline specific and measurable targets that management adheres to and that are evaluated at regular intervals. Any significant departures from such plans should be carefully considered and approved well in advance of their implementation. The planning process should also include alternative strategies to meet unanticipated operational contingencies as they occur, avoiding unnecessary risk.

The Board shall establish strict operational policies designed to regulate personnel administration, financial disclosure, auditing and investments that are consistent with the institution's long-term and short-term strategic plans performance policy to ensure that the company operates its business as assigned by approving the implementation of such policies and procedures developed by management, the Board defines what practices

are acceptable and in line with the overall business philosophy of the institution. Policies should be devised to assist the institution's management in determining what actions to take in various situations, limiting unnecessary errors resulting from ill-informed judgments.

All major activities of TISCO Group are to be regulated by policy. Policies should be flexible. When required, they should extend to cover new or improved practices and adapt to changing business conditions. Having clearly written policies prevents miscommunication. In an increasingly competitive financial services market, there is no place for avoidable errors due to miscommunication of policy. Newly introduced activities should not be undertaken without proper implementation of policy. The Board should specify appropriate procedures in monitoring and reporting risk activity.

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

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

## (2) Corporate governance role – The Board's Oversight

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

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

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

The Board should ensure that management has identified potential risks and established an adequate risk management process to assist in identification, measurement, monitor and control of various categories of risk commonly encountered by financial institutions. It is the responsibility of the Board to approve and periodically review the company's risk management strategies that are ultimately implemented by senior management

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

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

#### **4.2 Board Performance Self-assessment**

In order to improve its performance, the Board of Directors has formulated self-assessment process every once a year to assess Board performance and resolve any issues they may have as a whole and on an individual director level based on self-evaluation against a benchmark systematically set in advance. The Board of Directors assigns the Nomination and Compensation Committee to prepare and recommend Board Performance Self-assessment Guidelines for the Board's approval. The Nomination and Compensation Committee then reports the assessment result to the Board for acknowledgment.

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

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

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

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

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

The Nomination and Compensation Committee as proposed by the Corporate Secretariat Office reported the assessment results to the Board for acknowledgement, discussion, and recommendations contributing Board's efficiency in the Board of Directors' Meeting No. 1/2019 held on February 26, 2019.

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

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

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

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

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

### 4.3 Remuneration

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

### 4.4 Board and Management Training

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

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

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

| Name                                       | Training Program  |
|--|---|
| 1. Mr. Pliu Mangkornkanok                  | <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul>   |
| 2. Ms. Oranuch Apisaksirikul               | <b>Public Training</b> <ul style="list-style-type: none"> <li>Advanced Audit Committee Program, Thai Institute of Directors</li> </ul> <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> </ul>   |
| 3. Associate Prof. Dr. Angkarat Priebjivat | <b>Public Training</b> <ul style="list-style-type: none"> <li>Audit Committee Forum 2018: Learn, unlearn and relearn - Audit Committee in the Age of Disruption, Thai Institute of Directors</li> </ul> <b>In-house Training</b> <ul style="list-style-type: none"> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul> |



| Name                              | Training Program   |
|-----------------------------------|--|
| 4. Prof. Dr. Pranee Tinakorn      | <b>In-house Training</b> <ul style="list-style-type: none"> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul>  |
| 5. Ms. Patareeya Benjapolchai     | <b>Public Training</b> <ul style="list-style-type: none"> <li>Ethical Leadership Program, Thai Institute of Directors</li> <li>Audit Committee Forum 2018: Learn, unlearn and relearn - Audit Committee in the Age of Disruption, Thai Institute of Directors</li> </ul> <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul> |
| 6. Ms. Panada Kanokwat            | <b>Public Training</b> <ul style="list-style-type: none"> <li>Board that Make a Difference, Thai Institute of Directors</li> </ul> <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul>   |
| 7. Prof. Dr. Teerana Bhongmakapat | <b>Public Training</b> <ul style="list-style-type: none"> <li>Board that Make a Difference, Thai Institute of Directors</li> </ul> <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul>   |
| 8. Mr. Sathit Aungmanee           | <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity Threatscape and You, TISCO IT Advisor</li> </ul>   |
| 9. Mr. Chi-Hao Sun (Howard Sun)   | <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity Threatscape and You, TISCO IT Advisor</li> </ul>   |
| 10. Mr. Suthas Ruangmanamongkol   | <b>In-house Training</b> <ul style="list-style-type: none"> <li>Cybersecurity, Threatscape and You, TISCO IT Advisor</li> <li>Understanding Cryptocurrency, Blockchain, and Digital Assets and the opportunity in Thailand, KQ Consulting Company Limited</li> <li>Role of the Boardroom: Transforming Corporate Compliance into Corrupt-less Society, Thailand's Private Sector Collective Action Coalition Against Corruption: CAC</li> </ul>  |

In addition, board members and top managements attended other training programs or seminars in 2018 which presented in Attachment 1.

#### 4.5 Group Chief Executive Performance Assessment

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

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



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

#### **4.6 Succession Planning**

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

#### **5. Integrity and Ethics**

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

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

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

#### **9.2 Other Committees**

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

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

##### Executive Board

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

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

### Audit Committee

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

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

The Audit Committee is appointed by the Board of Directors. Currently, the Audit Committee, consisting of three Independent Directors, namely Associate Prof. Angkarat Priebjrivat as the Chairperson of the Audit Committee, Ms. Pnada Kanokwat and Mr. Sathit Aungmanee. All members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements. *(See Attachment 1 Details of Director, Management, control persons, and Company Secretary)*

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

The Nomination and Compensation Committee is appointed by the Board of Directors. Currently, the Nomination and Compensation Committee, consisting of three Directors, namely Prof. Dr. Pranee Tinakorn as the Chairperson of the Nomination and Compensation Committee, Mr. Hon Kit Shing (Alexander H. Shing) and Mr. Sathit Aungmanee.

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

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

### Specific-Area Committee of TISCO Financial Group

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

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

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

- The Risk Management Committee of TISCO Bank is responsible for controlling and monitoring the adoption of TISCO Financial Group's risk management policy to ensure effective managements in the bank's various business units. TISCO Bank Risk Management Committee reports to TISCO Risk Management Committee under the Guidelines on Consolidated Supervision of the Bank of Thailand.

The Enterprise Risk Management and Risk Research functions support the committee in assessing and monitoring bank risks at the portfolio level, under the guidelines and limits approved by the Risk Management Committee. It regularly reports on risk positions to the Risk Management Committee and relevant business lines, and performs risks analyses of new businesses.

- The Credit Committee of TISCO Bank and other credit-granting subsidiaries and the Problem Loan Committee of TISCO Bank are responsible for setting up credit granting criteria and controlling loan approval procedures at the transaction level to ensure comprehensive monitoring and control of credit risk. The Credit Control business line supports the committees in assessing and controlling the credit approval process of each transaction. In addition, the Internal Audit function regularly reviews compliance to the credit approval guidelines and procedures.

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

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

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

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

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

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

### **9.3.2 Management Selection**

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

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

### 9.3.3 Qualifications of Independent Director

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

- (1) holding shares not exceeding 0.50 per cent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
- (2) neither being nor having been an non-independent Director of TISCO, its subsidiary and affiliate, same-level subsidiary, or juristic person who may have conflict of interest, or has left from such status but for less than two (2) years.
- (3) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two (2) years.
- (4) not being a person related by blood or registration under laws, (such as father, mother, spouse, sibling, and child, including spouse of the children) of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
- (5) not having a business relationship as specified by the Capital Market Supervisory Board with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two (2) years.
- (6) neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two (2) years.
- (7) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years.
- (8) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
- (9) not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary companies.
- (10) not being an independent director for more than 9 (nine) consecutive years in TISCO or its subsidiaries, except those who were appointed as Independent Directors before 23 June 2018 can still be in Independent Directors for more than 9 (nine) years until 1 May 2022.
- (11) not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

### 9.3.4 Direct or indirect business relationship or being provider of any professional service by Independent director over the past accounting period<sup>1</sup>

- None -

## 9.4 Corporate Governance of Subsidiary Companies and Joint Companies

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

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

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

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

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

To ensure coherent adoption of Corporate Governance across all subsidiary companies in TISCO Group<sup>2</sup>, roles and responsibility of the Directors and the Management who the Company seconded to manage the subsidiary

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

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



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

## **9.5 Control of Internal Information**

TISCO Group has determined employees' best practices to carry their duties with integrity, fairness, comply with related rules and regulations, confidentiality towards customers, no preference to pursue personal opportunities over TISCO Group's responsibilities including making no use of non-public information or disclosing the information to others who are not engaged in TISCO. TISCO Group's compliance manual acts as a set of guidelines to help employees perform their duties fairly and honestly, comply with applicable laws and regulations, avoid conflicts of interest, and not seek to benefit from insider information. Business guidelines, regulations, and the code of conduct have all been compiled to create the Company's compliance manual.

With respect to TISCO Group's regulations governing employee securities trading, the Group requires management and employees to open trading accounts with TISCO Securities, its subsidiary. In this regard, he or she must, however the case may be, report their transaction to the Compliance function. Furthermore, the Group also prohibits senior management and insiders from trading the Company's shares within 7 working days before last day of the month until 2 days after the Company's monthly financial statements or concise assets and liabilities statement are published. A Director who knows important information about TISCO that has not been disclosed to the public must keep such information confidential. It is a violation of law to purchase or sell TISCO stock on the basis of such important non-public information. Directors may not do so and may not provide such information to others for that or any other purpose. Directors shall maintain the confidentiality of any non-public information learned in the performance of their duties on behalf of TISCO, except when disclosure is authorized or legally mandated. Directors shall disclose to TISCO the securities trading accounts of themselves and their related persons for the purpose of monitoring and preventing the use of non-public information. Directors shall notify the Corporate Secretary at least one day before dealing in any of TISCO shares according to Corporate Governance Policy.

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

## **9.6 Auditor's Fee**

### **9.6.1 Audit Fee**

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

### **9.6.2 Non Audit Fee**

TISCO Group paid non-audit fees in 2018 amounted of Baht 280,000 to EY Office Limited. These fees were for the review of reevaluation of TISCO Office Condominium Units.

## **9.7 Implementation of the 2017 Corporate Governance Code for Listed Companies**

The Company has reviewed the Corporate Governance Policy, developed from the 2012 Good Corporate Governance Principles for Listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange



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

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

## 10. Corporate Social Responsibility

### Sustainable Business Practices

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

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

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

### Anti-Corruption

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

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

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

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

### **Anti-Corruption Guideline**

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

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

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

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

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

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

## Honors and Awards in 2018

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

### National Level

#### Operating Results

##### Best Company Performance

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

##### Distinguished Financial Management

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

#### Good Corporate Governance

##### Thailand Sustainability Investment (THSI)

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

### **Excellent CG Scoring**

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

### **ESG100**

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

### **Excellent Shareholders’ General Meeting 2018 Certificate**

TISCO Financial Group Public Company Limited has received the excellent shareholders’ general meeting 2018 certificate by scoring 100 out of possible 100 points. The shareholders’ general meetings held by Tisco Financial Group PLC have been described as “excellent” for four consecutive years. The Thai Investors Association, the Thai Listed Companies Association, and the Securities and Exchange Commission jointly assessed the quality of shareholders’ general meetings of 657 listed companies.

### **Outstanding Sustainability Report Award**

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

### **2018 Sustainability Report Award - Most Improved**

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

### **Products and Services**

#### **Most Active Bank in Corporate Bond Secondary Market**

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

#### **Outstanding Technical Analyst Certificate**

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

#### **Excellent Analyst Team**

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

#### **Best Analyst Individual**

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

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

## **International Level**

### **Corporate Governance**

#### **ASEAN CG Scorecard**

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

### **Products and Services**

#### **Top Bank in Corporate Bonds**

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

#### **Best Individual**

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

#### **Most Innovative Asset Management Company – Thailand 2018**

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

#### **Best Provident Fund Provider Thailand 2018**

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



## 11. Internal Control and Risk Management

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

### Oversight of Internal Control System and Risk Management

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

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

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

Risk Management Framework is a set of interrelated components starting with governance and risk management culture, synchronization between strategic objective setting and risk management process, risk assessment and management for supporting the achievement of business objectives, monitoring process and finally, communication and reporting. Internal Control system is inherent component of risk management that raises the values and enhances the effectiveness of each other. TISCO Group has implemented the internal control system and integrated-enterprise risk management framework, which are the international best practices, to ensure the achievement of objectives, efficiency and effectiveness of operations and compliance with laws and regulations. The internal control system has 5 key components those are described as bellows;

TISCO Group has developed appropriate control environment to promote the sound internal control system. The established control environment has started by defining "Integrity" as one of corporate core values, establishing Internal Control Policy and Guideline, structuring check and balance organization and supervisory lines and determining the appropriate approval authority and accountabilities to drive the pursuit of business objectives as well as the provision of the continuing education to employees for enhancing the skills and competencies. In regard to the oversight function, the Board shall supervise the performance of duties of the Management Committee as well as the effectiveness of establishment of sound control system and risk management process. The Audit Committee performs duties through the operations of Internal Audit Function in assessing the effectiveness of risk management and control system. Meanwhile, the Corporate Governance Committee shall oversee the performance of duties of the Board, directors and managements to assure that the proceedings are undertaken in accordance with Corporate Governance Policy, code of business ethics and relevant laws and regulations.

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

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

TISCO Group has continuously developed information technology system and enhanced the quality of information in order to provide the efficient and timely information as well as the establishment of IT Risk Management Function responsible for governing and supporting the provision of sound control to support the achievement of control objectives and appropriately supervise the proceeding with compliance with laws and regulations related to IT. TISCO Group has brought the appropriate information technology and information security to adopt for business operations in order to secure the key information. Additionally, TISCO Group has also determined the channel and process to communicate or provide adequate and accurate information either to internal or external parties in timely manner.

To ascertain whether the components of internal control are efficiently functioning, TISCO Group has established ongoing monitoring and control assessment process. Other than that, the TISCO Group has also arranged the reporting and communicating channel to report the internal control deficiencies to the responsible person for

timely taking corrective action. The establishment of audit process through the performance of duties of Internal Audit Function and Compliance Function are well determined. The examination result of the control effectiveness as well as the compliance with the laws and regulations stipulated by the supervisory authorities shall be regularly reported to senior management and the relevant committees.

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

At the Board of Directors' Meeting No. 1/2019 on February xx, 2019 where the 7 members of independent directors including 3 members of Audit Committee were present, the Board considered the Company's internal control assessment form as prepared by the managements and reviewed by the Audit Committee. According to the assessment form, the evaluation was made to cover five aspects; Organizational Control and Environmental Measures, Risk Management Measures, Management Control Activities, Information and Communication Measures and Monitoring. The Board viewed that the Company's internal control system is adequate and appropriate for business undertakings. The Company has established sound control system and sufficient resources to carry out according to the determined processes including sufficient monitoring controls for supervising business operations of subsidiaries to ascertain that they operates businesses under the sound control systems with appropriate control measures to prevent the conflict of interests.

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

Audit Committee has agreed with Board of Directors' report on Internal Control System and had no comments on the internal control system. The details are provided in Attachment 6 Report of Audit Committee. Moreover, in year 2018, Ernst & Young Office Limited as independent auditor of the Company had no comments on the internal control system.

### **11.3 Head of Internal Audit Unit and Head of Compliance Unit**

#### **(1) Head of Internal Audit**

TISCO Group appointed Miss Jiraporn Sawsukpaiboon as a Head of Internal Audit who is qualified to take charge for Internal Audit function with her competency and auditing experience. Ms. Jiraporn is able to independently perform her duties with the support of the Audit Committee. Ms. Jiraporn is also appointed as the Secretary to the Audit Committee. Qualification of the current Head of Internal Audit is provided in the Attachment 3.

#### **(2) Head of Compliance**

TISCO Group appointed Mrs. Dulyarat Taveephon to be a Head of Corporate Compliance to oversee the business operations in compliance with related laws and regulations. Compliance Function is under supervision of Mr. Pairat Srivilairit - Chief Governance Officer. Qualification of the current Heads is provided in the Attachment 3.

## **12. Related Party Transactions**

The Company disclosed the detail of related party transaction under section 3.34 of notes to the consolidated financial statement for the year ended December 31, 2018. The Company and its subsidiaries had business transactions with related parties whereby such transactions shall be done on fair and at arms-length basis as applied to external parties.

### **12.1 Necessity and justification for the transactions**

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

### **12.2 Measures or procedures for approval of related party transactions**

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

### **12.3 Policy or Future related transaction policy**

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