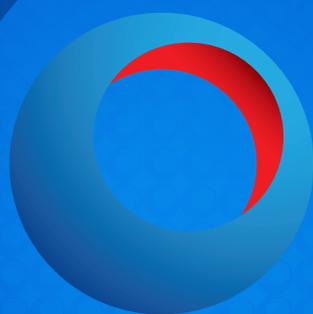


TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED



TISCO

**SUSTAINABILITY
REPORT 2015**

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Message from Group Chief Executive

As a responsible financial institution, TISCO strives to achieve sustainable growth in terms of both profitability and business operations. In addition to continually delivering strong business performance, TISCO advocates that good organization should be sustainable not only to itself but also to the broader society. As such aspects of sustainability development including Economic, Environmental, Social and Good Governance have been embraced at TISCO to create value to all stakeholders.



TISCO has put great importance in ESG practice while incorporated the sustainable practices into our operational process. The sustainable development practice was embodied into TISCO's business strategy, with objective to create future business growth, along with the development toward Economic, Environmental and Social Responsibilities. In our core business, TISCO stands by the belief of **"The opportunity can be created"** and offers various types of products and services to create wealth opportunities for Thai community. The loan products under the brand Somwang are introduced and targeted to the clients in suburban areas, providing the accessibility of fund to the people in need. In addition, TISCO emphasizes on supporting educational development and financial literacy through the channel of loan office branches. The financial literacy program offers teaching and educational activities on the fundamental financial knowledge, as well as household income management. It is one of our main objectives to enhance the community with financial proficiency in order to improve people's quality of life and minimize poverty problem in Thailand.

In 2015, TISCO was a co-founder of **"Philanthropic Investments"** project with purpose to generate returns that can be used for sustainable social development, and was named one of 100 sustainable businesses or **"ESG100"**, rated by Thaipat Institute, as the company that promoted sustainable business practice and offered transparent investments for social and environmental care. Moreover, good governance culture and risk management practices are constantly strengthened under the supervision of Corporate Governance Committee. TISCO's outstanding corporate governance structure and transparent business practices were well recognized with the recipient of **"Excellent Corporate Governance Report of Thai Listed Companies"** recognition from The Institute of Directors Association (IOD).

TISCO will continue to take further steps in sustainable development with purpose to create value for all stakeholders. Our dedication to sustainable movement incorporates every aspects of the business to assure that TISCO will further inherit sustainable growth.

A handwritten signature in black ink, appearing to read 'Oranuch Apisaksirikul'. The signature is fluid and cursive, written on a white background.

Oranuch Apisaksirikul
Group Chief Executive, TISCO Group

MISSION

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



VISION
Mastery
in Wealth of
Possibilities

VALUES

Customer Priority: Customers are our primary focus. Their needs are our priority. We derive a professional and practical solution that fulfills our customers' requirements.

Mastery: Our staff is obligated to continually learn and develop themselves, striving for outstanding capability and skill to maximize customer satisfaction.

Integrity: All of our employees conduct themselves with honesty and follow a code of ethics of the highest standards.

Creativity: Our expertise is not only dependent on knowledge and experience, but is also founded on our creativity. We provide advice that is not only accurate, but also creative to help them see all financial possibilities they have.

Reliability: The organization creates added value in our financial services through the professional skills and reliable performance of our team.

Guidance: Because our staff members have a wide range of financial expertise, we provide our customers with the best financial advisory in a friendly and open-minded way, understanding what exactly they need so we can help them achieve their goals.

TISCO Profile

TISCO was established in 1969 by Bankers Trust, an American banking company, as the first investment bank in Thailand with different structure from other general commercial banks. TISCO focuses on financial excellence and expertise, hence continually develops and initiates financial products and services in response with changing market demand. Our product and service offers are more specific and flexible comparing with regular banks, and the services include lending businesses namely project finance loan, consumer loan, hire purchase loan, as well as depository service, wealth management and investment, research service for commercial and industrial projects, etc.



During the past 47 years, TISCO has continually improved the quality of products and services with aim to maximize value for all client groups. Nowadays, TISCO is well renowned of its leading role in retail lending business, corporate lending and investment banking, asset management, financial and investment advisory for wealth clients, brokerage service and equity research service, while regularly participate in the various development phases of financial industry, and also constantly maintain good corporate governance.

Since 2008, TISCO has been structured as a holding company with TISCO Financial Group Public Company Limited as a parent company, who sets business policies and governs all companies under the group. All companies under financial group are unified under the brand “TISCO”, where subsidiary companies under the financial group are as follows;

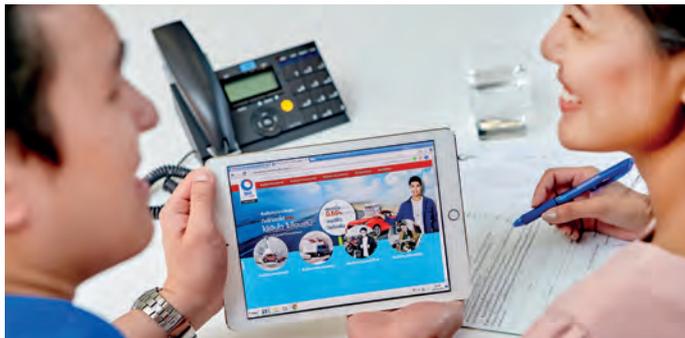
- TISCO Bank Public Company Limited
- TISCO Securities Company Limited
- TISCO Asset Management Company Limited
- Hi-Way Company Limited
- TISCO Leasing Company Limited
- TISCO Information Technology Company Limited
- TISCO Learning Center Company Limited
- All-Ways Company Limited
- Deutsche TISCO Investment Advisory Company Limited
- TISCO Tokyo Leasing Company Limited*
- HTC Leasing Company Limited*

*Not included in consolidated statement in accordance with Thai Accounting Standard

TISCO emphasizes on creating value for all client groups with the purpose to meet customer demand with the best products and services while foster good and long-term relationship with clients. TISCO constantly develops various innovative products based on different lifestyles, customer need and life stages.

TISCO has set main business pillars to serve three main client groups as follows;

1. **Retail Banking Group** provides lending facilities to serve retail clients and small entrepreneurs. The products scope is focusing mainly on hire purchase lending and consumer lending under TISCO Bank, Hi-Way and TISCO Tokyo Leasing. The loan portfolio composition mainly consists of hire purchase loan including new cars, used cars and motorcycles. Meanwhile, there are consumer loan products, developed to serve market demand, with notable loan against auto license product, named “**TISCO Auto Cash**”, which has been distributed nationwide through geographical branches under brand “**Somwang**”.



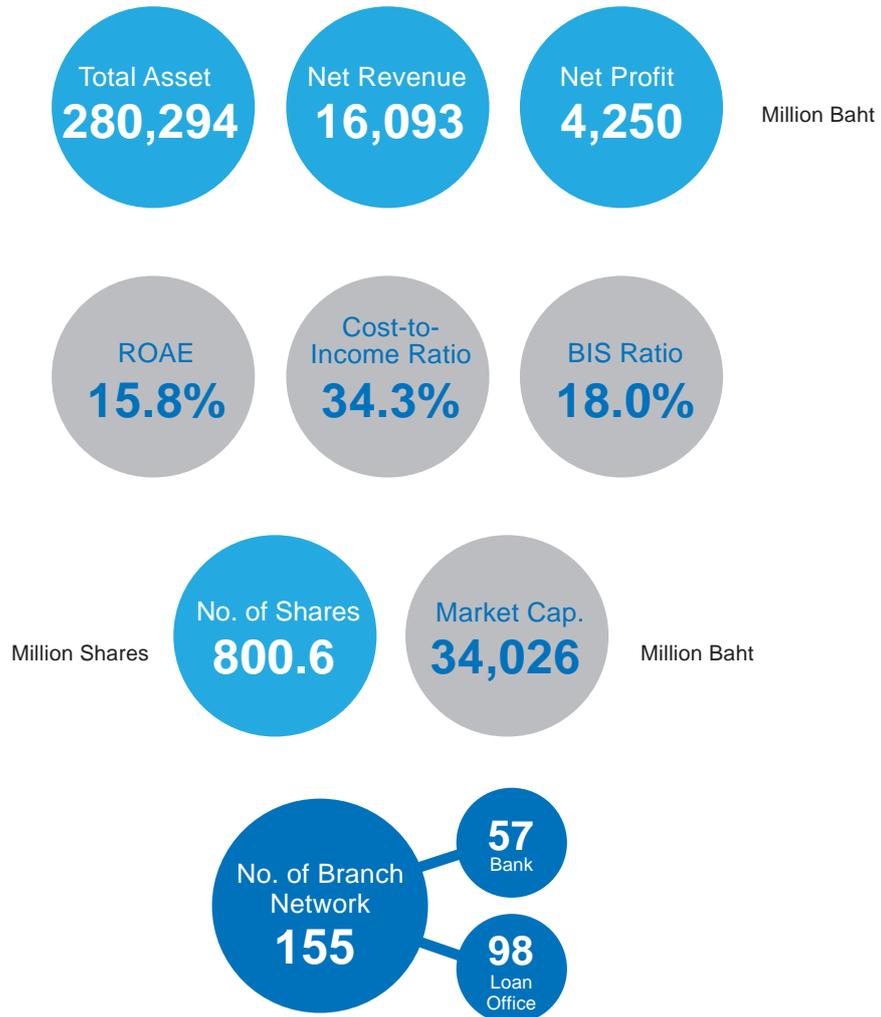
2. **Corporate Banking Group** provides various types of lending facility and financial advisory services for various corporate clients, ranging from medium corporate clients to large corporate clients. The core products consist of project finance loan, term loan for large corporate, car inventory finance loan, and financial advisory service.

3. **Wealth and Asset Management Group** serves wealth client and high net worth sets objective to become the “**Top Advisory House**” that delivers all-round financial solutions in terms of savings and investment under the brand “**TISCO Wealth**”. TISCO Group provides comprehensive wealth services through offering full shelf of financial products including depository products, insurance, asset management and securities brokerage service. With the expertise in financial and investment advisory together with the efficient service operation, TISCO Group aims to deliver excellent services and also maintain the long term favorable return to clients through experienced professional personnel with the continued commitment to be “**Top Advisory House**” in delivering complete range of products and services in one place.

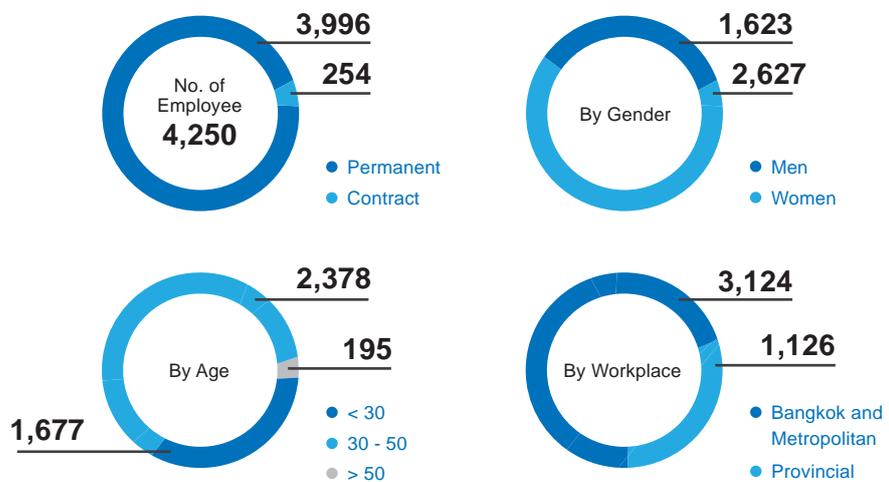


TISCO at a Glance

as of December 31, 2015



TISCO Employees



General Information	
Company Name	TISCO Financial Group Public Company Limited
Industry Sector	Finance and Banking
Organization Type	Public listed company / Registered date in the Stock Exchange of Thailand on January 15, 2009
Operating Country	Thailand
Head Office	48/49, TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500
Registration Number	0107551000223
Telephone	+66 2 633 6000
Fax	+66 2 633 6800
Official Website	www.tisco.co.th



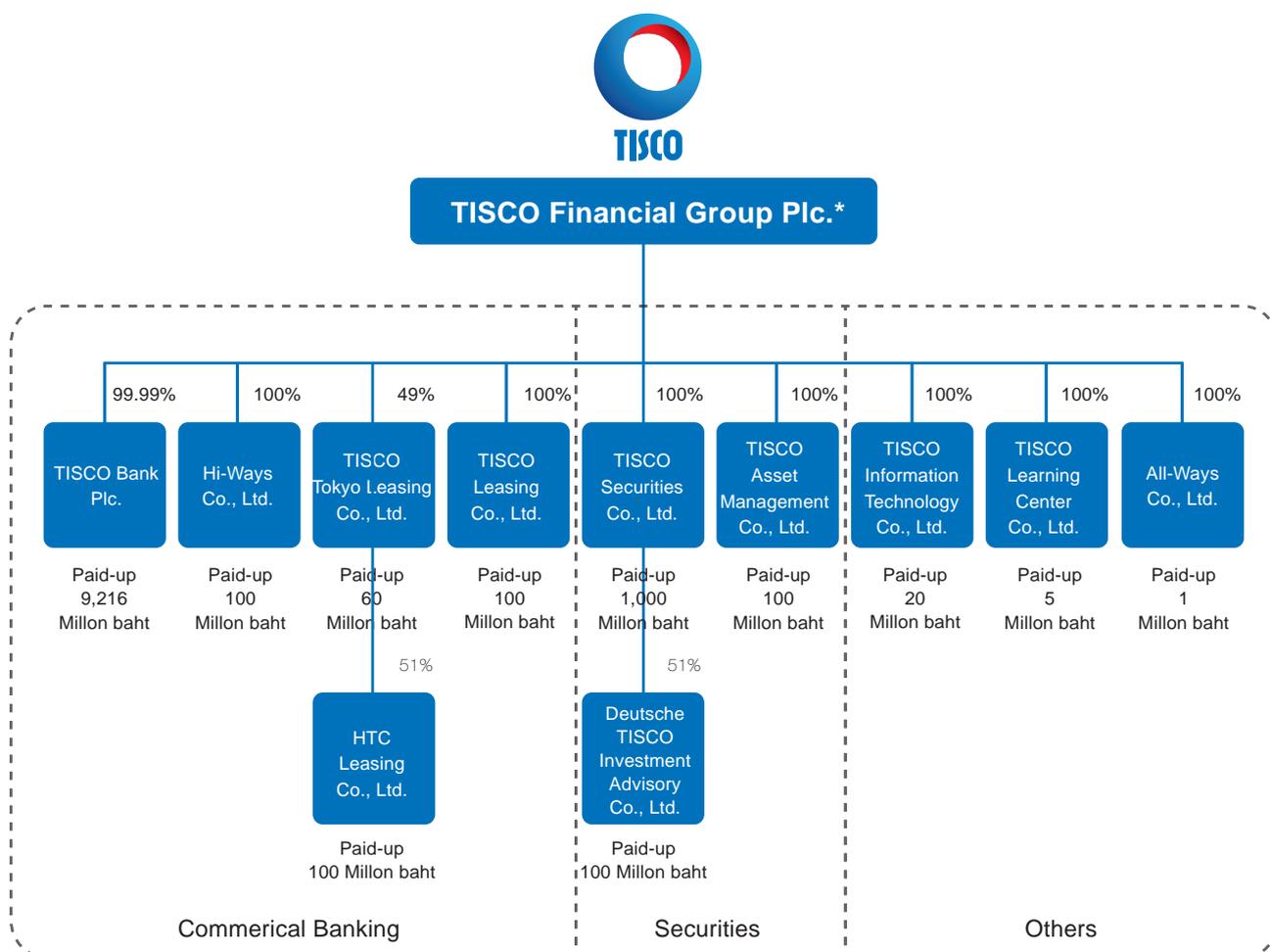
Member of ESG Organization and Agencies:

- CSR Club of Thai Listed Companies Association
- CSR Club of Thai Bankers' Association
- United Nations Environment Program Finance Initiative (UNEP FI)
- Private Sector Collective Action Coalition against Corruption

Organizational Structure

TISCO Financial Group Public Company Limited operates as a parent company and shareholder to the subsidiaries, while holds the controlling power of the management and operation. Businesses including services and products of TISCO are mainly offered through subsidiaries including lending products, wealth management, securities brokerage services and asset management, with the main objective to create seamless high quality services to serve and respond to every customer's financial needs.

In 2015, TISCO Tokyo Leasing Co., Ltd. acquired 51% stake in HTC Leasing Co., Ltd, in which it provides captive hire purchase loan for Hitachi construction machinery, and further became an affiliate under TISCO Financial Group. Thus, the TISCO Group's structure as of December 31, 2015 is shown below:



*Listed in The Stock Exchange of Thailand

Sustainability Strategy

TISCO develops and conducts business which also takes into consideration of stakeholders and also implication of our business in term of impact to governance, economic, environmental and social. While the organizational vision and goals are the main driver for business growth, TISCO never neglects the impacts that might occur through our value chain and related stakeholders. By considering on all stakeholders' expectation and the organization's significance in dimension of economic, environment, and society are key factors to formulate TISCO sustainability strategy.

Strong Governance and Risk Management Culture

In order to operate business cautiously and responsibly, TISCO aims to place strong corporate governance and risk management culture at all level. With prudent and well-placed framework, TISCO will ensure transparent of business process and also accurate risk-taking decision. Meanwhile, TISCO also promote Anti-Corruption practice to fight corruption and prevent from being vehicle for money laundering and financing of terrorism activities.

Sustainable Economic Performance

TISCO aims to operate with efficiency and solid business performance focusing on long-term profitability and strong balance sheet. Based on organization's vision, the long-term business strategy and economic performance goals will be regularly assessed and reviewed. Meanwhile, the performance shall also be transparently and regularly communicated to public, shareholders and investors.

TISCO also promotes financial accessibility through our microfinance business. While the business also creates better financial inclusion, the economic aspect of microfinance is also important as new organic growth engine.

Address Environmental Concern

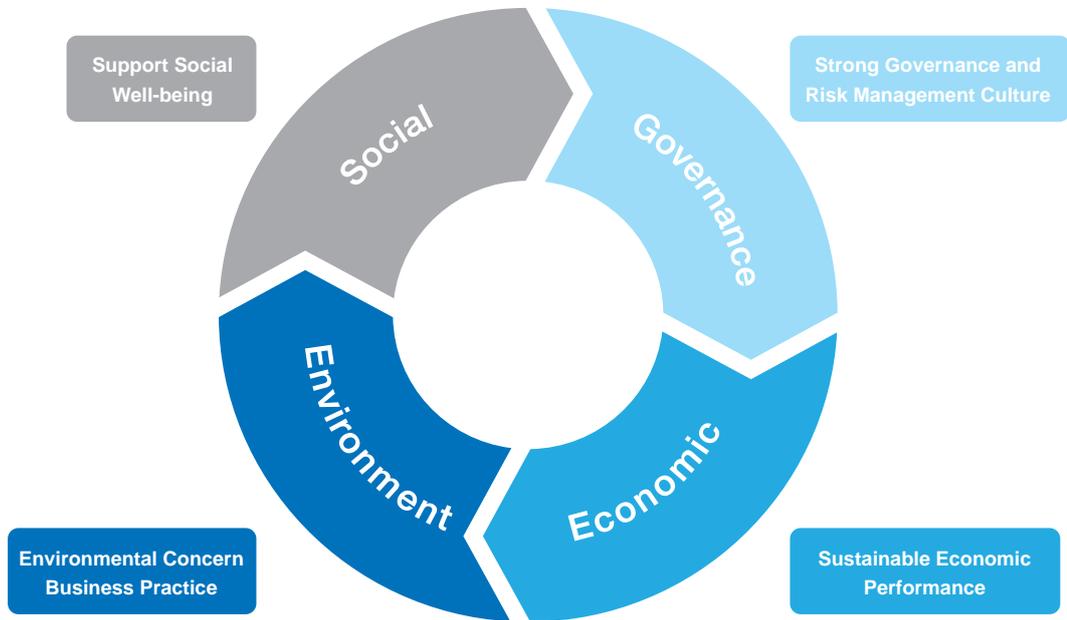
TISCO also aims to operate considerably in term of impacts to environments and also support environmentally friendly businesses (i.e. alternative energy) to grow. In term of supply chain management, the sourcing and procurement practice will focus on the environmentally friendly products to ensure minimal impact to environments.

Support Social Well-Being

On the social perspective, TISCO aims to help our customer by develop responsible financial product taking into account the benefit of the customer and also other concerned aspects. Meanwhile, TISCO will place great importance of customer privacy and data security.

For the communities, TISCO aims to create greater financial inclusion especially in rural area through our distribution network. Meanwhile, the financial literacy will be promoted for healthier financial well-being of the communities.

For our staffs, TISCO aims to be excellent employer focusing with “Happy Organization” principle. Employee relations are addressed and also opportunity for staff’s career development and training.



As an organization that highly recognizes ESG value, TISCO received a “Certificate of ESG 100 Company”, Thailand’s corporate sustainability database development, by Thaipat Institute, and was a co-founder of “TISCO ESG Investment Fund for Society”, the first philanthropic investment fund in Thailand aiming to generate at least 50% of the returns to be used for sustainable social development.



Stakeholder Engagement

Stakeholders are placed as an important part for sustainability development of the organization and TISCO also realizes the necessary to understand their needs and concerns in order to develop effective approach to meet their expectation. In order to define TISCO's stakeholders of TISCO and identify their expectations on organizations, the stakeholder engagement process is conducted to understand our business context, define our stakeholders and set up engagement processes to effectively respond to their expectations and concerns.



Stakeholders of TISCO are classified into 6 groups which are shareholders, employees, customers, regulators, business partners, and society and communities. Communication processes and implementations of TISCO to take care of their expectations are described as follows:

Stakeholder	Communication Process	Frequency	Stakeholder's Expectations	Implementation
G4-24	G4-26		G4-27	
Shareholders	Channel & Activities			
Institutional & Individual Shareholders	<ul style="list-style-type: none"> • General meeting of shareholders • Analyst meeting • Investor roadshow • Company visit and conference call for institutional investors • SET opportunity day • News on TISCO website • Telephone and e-mail to investor relations unit 	Annually Quarterly Regularly Regularly Regularly Regularly Regularly	<ul style="list-style-type: none"> • Strong performance and sustainable growth of organization • Sustainable return on equity and dividend policy • Good governance and ethical standard • Effective risk management system 	<ul style="list-style-type: none"> • Operate businesses and operations in accordance with corporate governance policy and risk management policy • Select businesses by risk adjusted return model to maintain favorable ROE • Provide accurate and proper information to shareholders and investors
	Reporting			
	<ul style="list-style-type: none"> • Annual report • Form 56-1 • Management discussion and analysis • News submission to SET 	Annually Annually Quarterly Regularly		
Employees	Channel & Activities			
Permanent Employee, Contact Employee, Part-Time Staff	<ul style="list-style-type: none"> • CEO employee visit • Corporate meeting • Employee training by TISCO leaning center • HR news via TISCO and HR intranet • Employee relation activities • Engagement survey & assessment • Whistle blowing through HR help-line • On-boarding program for new employees • Management lunch club • Management coffee talk 	Annually Monthly Regularly Regularly Regularly Regularly Regularly Weekly Monthly	<ul style="list-style-type: none"> • Career advancement • Fair compensation and benefits to employees • Knowledge and skill development • Favorable working environment and work life balance • Hearing opinion and grievance from employee 	<ul style="list-style-type: none"> • Continuously implement "Happy Organization" model • Design compensation structure to fairly reflect job characteristics as well as the supply and demand in labor market • Design a specialized training curriculum for departments and provide comprehensive training program to employees • Provide wide range of health benefits and recreation activities to employees e.g. health insurance, medical examination, sport classes and activities • Conduct annual survey on employees' satisfaction by using both internal and external assessment

Stakeholder	Communication Process	Frequency	Stakeholder's Expectations	Implementation
G4-24	G4-26		G4-27	
	Reporting			
	<ul style="list-style-type: none"> Performance report - human resources 	Monthly		
Regulators	Channel & Activities			
Bank of Thailand (BOT), Securities and Exchange Committee (SEC), Stock Exchange of Thailand (SET), Anti-Money Laundering Office (AMLO), Office of Insurance Commission (OIC)	<ul style="list-style-type: none"> Auditing by Bank of Thailand Auditing by Securities and Exchange Committee Site visit by AMLO Communication channels to regulators by compliance units, regulatory reporting unit 	Annually Regularly Regularly Regularly	<ul style="list-style-type: none"> Integrity and transparency with high social responsibility Business operating complied with related laws and regulations 	<ul style="list-style-type: none"> Develop related business policies and guidelines in compliance with new laws and regulations Set up Compliance unit to coordinate with regulators and internal units Set up Regulatory Reporting unit to responsible for regulatory reporting Provide resources and information to support regulators' site visits
	Reporting			
	<ul style="list-style-type: none"> Form 56-1 News submission to SET Required regulatory report 	Annually Regularly Daily / Monthly / Annually		
Business Partners	Channel & Activities			
Outsourcers, Vendors, Suppliers	<ul style="list-style-type: none"> Meeting with vendors Vendor satisfaction assessment 	Regularly Regularly	<ul style="list-style-type: none"> Compliance with contract and agreement Sustainable long-term relationship Fair pricing and anti-bribery 	<ul style="list-style-type: none"> Communicate anti-corruption policy to business partners and do businesses in accordance with the policy as well Arrange meeting with business partners to receive suggestions and complaints Conduct vendor satisfaction assessment
Customers	Channel & Activities			
Borrowers, Depositors	<ul style="list-style-type: none"> In-person meeting Customers' call to TISCO call center Corporate client site visit Car dealer visit 	Regularly Regularly Regularly Regularly	<ul style="list-style-type: none"> Reasonable product pricing with clear product information disclosure Variety of product Customized product upon customers' needs 	<ul style="list-style-type: none"> Increase product range and offer products which respond to customers' needs Clearly provide and disclose on product features and fee structure

Stakeholder	Communication Process	Frequency	Stakeholder's Expectations	Implementation
G4-24	G4-26		G4-27	
Customers	Channel & Activities			
Borrowers, Depositors	<ul style="list-style-type: none"> Customers' training and seminars Wealth Enhancement Program (WEP) Direct mail / SMS Newsletters / Individual Statement News broadcasting (Facebook / Line / Website) 	<p>Regularly</p> <p>Annually</p> <p>Regularly</p> <p>Quarterly / Monthly</p> <p>Regularly</p>	<ul style="list-style-type: none"> Superior yield/returns High quality of services to meet customers' satisfaction Suitable and timely recommendation for investment Financial knowledge provided to customers 	<ul style="list-style-type: none"> Enhance quality of sale staff to ensure customer engagement Develop mobile application as an easy to reach tool for customer Provide financial knowledge to customers through financial training and seminars Receive customers' suggestion and complaint through various channels e.g. sale officers, call center, email
	Reporting			
	<ul style="list-style-type: none"> Annual report Product labels and fact sheet Economic and fundamental research paper Fundamental and technical stock research paper 	<p>Annually</p> <p>Regularly</p> <p>Regularly</p> <p>Regularly</p>		
Society & Communities	Channel & Activities			
	<ul style="list-style-type: none"> Exploring needs of local communities and society Support community participation in CSR activities Addressing the important social issues Providing financial knowledge via TISCO activities <ul style="list-style-type: none"> "TISCO Financial Camp" for youth & teacher "Smart Savings, Smart Spending" by branches nationwide 	<p>Regularly</p> <p>Regularly</p> <p>Annually</p> <p>3 Camps in 2015</p> <p>At least 1 activity per branch</p>	<ul style="list-style-type: none"> Concern of ESG issues in operating business Support and sharing for the betterment of communities Financial literacy and ability to use financial products and services in daily life 	<ul style="list-style-type: none"> Operate business with responsibility in international standard Participate in social development, environmental preservation and energy saving campaign Launch and continue CSR activities to support communities' needs: social financial literacy program, educational scholarships and school development projects Encourage employee volunteerism
	Reporting			
	<ul style="list-style-type: none"> Form 56-1 Annual report 	<p>Annually</p> <p>Annually</p>		

Material Aspect Assessment

TISCO has implemented material aspects assessment in order to define specific content of the report by applying the standard process based on GRIs' principle. The process to define material sustainability aspects and their boundaries is described as follow:

Step 1: Identification

The identification process has been undertaken to identify relevant topics and their boundaries which might be disclosed in the report. The process has assessed the information from both inside and outside organization. TISCO's activities and implementations together with the expectation and interests informed by all stakeholders of TISCO have been taken into account to determine the range of potential relevant topics.

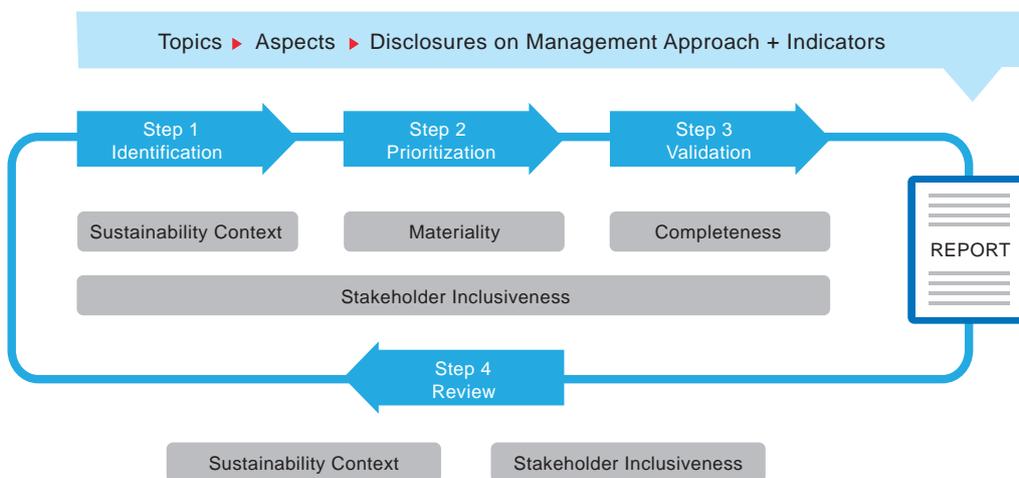
Step 2: Prioritization

In this step, all of the relevant topics defined in the first step has been prioritize by using the test which scored and ranked by TISCO business units and stakeholder related to each relevant topic. By considering the significance of their economic, environmental and social impacts on organization together with their influence on all stakeholders, the relevant aspects with more significant impacts on TISCO and more influence to TISCO's stakeholders shall be considered to be material sustainability issues.

Step 3: Material Aspect Validation

To ensure the report providing accurate and completed content of TISCO's sustainability performance, the result from relevant topic prioritization is proposed to management committee to approve the scope of material aspects and their boundaries to be disclosed in the report.

Process of Defining Material Aspects and Boundaries



Source: G4 Sustainability Reporting Guidelines

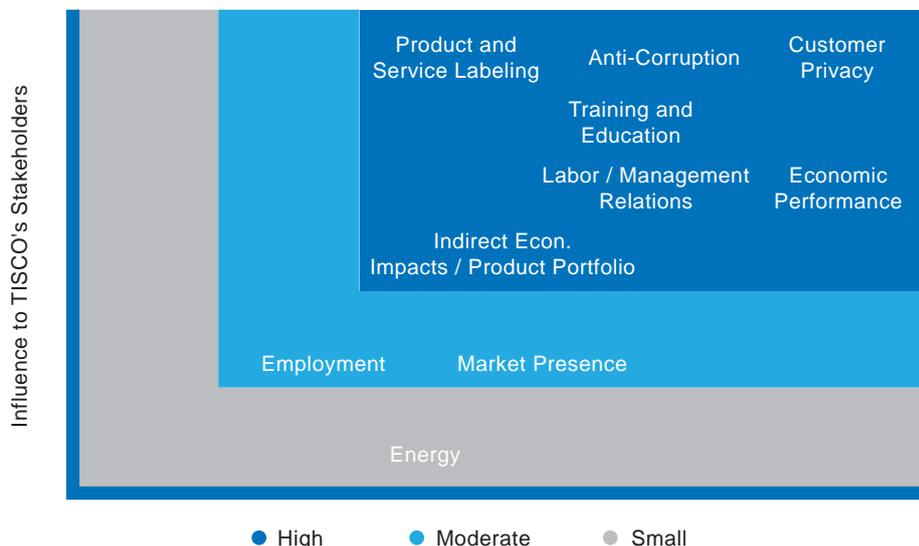
Boundaries of Aspects

The boundaries for each aspect covering "Within Organization" and "Outside Organization" are defined as follows:



Material Aspects

TISCO assessed all relevant topics affecting to both organizations and all stakeholders and carefully prioritized by their influences to TISCO and their influences to stakeholders. In order to prioritize relevant topics and identify material aspects in accordance with GRI aspect, the influences to TISCO and the influences to stakeholders are given score and ranked into 3 levels of magnitude which are high, moderate, and low magnitude. The higher the influence, the more material impacts to TISCO and stakeholders of the aspects.



The detail of material aspects and their boundaries for TISCO sustainability report 2015 are provided in the table below.

[G4-19] [G4-20] [G4-21][G4-23]

Relevant Topics	Aspect - GRI [G-19]	Within Organization [G-20]	Outside Organization [G-21]
Resilience Business Performance	Economic Performance	All Companies in TISCO Financial Group	Shareholders
Financial Solutions to Environmental Friendly Business	Product Portfolio	TISCO Bank, TISCO Securities	Customers, Society and Communities
Varieties of Product Product Quality Customer Satisfaction	Product & Service Labeling	All Companies in TISCO Financial Group	Customers
Loan Accessibility and Relief Loan Shark Problem in Rural Area	Indirect Economic Impacts	TISCO Bank, Hi-Way	Customers, Society and Communities
Anti-Corruption	Anti-Corruption	All Companies in TISCO Financial Group	Outside Organization (All Stakeholders)
Employee Relation within Organization	Labor / Management Relation	All Companies in TISCO Financial Group	—
Intrude of Customer Information	Customer Privacy	All Companies in TISCO Financial Group	Customers
Financial Literacy to Communities	Local Communities	All Companies in TISCO Financial Group	Society and Communities
Human Resource Development	Training and Education	All Companies in TISCO Financial Group	—

For TISCO sustainable development, the identified material aspects are fundamental part of TISCO businesses. Not only the development of the material aspects helps both TISCO and stakeholders, but also the development also supports global effort under United Nation Sustainable Development Goals (SDGs). The identified of material aspects also mainly aligned with UN Global Sustainable Development Goals, aiming to create long-term sustainable value to the communities and the world.



Source: <https://sustainabledevelopment.un.org/sdgs>

Based on TISCO material aspects in 2015, the business development as part of sustainability strategy support the following the Sustainable Development Goals as listed below.





Strong Governance & Risk Management Culture



Good Governance

In response to fair business policy, TISCO emphasizes on the Corporate Good Governance including employees' operations to comply with the company's principles, Articles of Association and Code of Conduct. The Board of Directors therefore set the Corporate Governance Policy based on the guidelines of the Stock Exchange of Thailand (SET) and OECD which indicates Vision, Objectives, Core Values, Structures, Duties, Guideline of Corporate Governance, and Code of Conducts for directors, management and employees. And all of these are being communicated and implemented throughout TISCO and publicized on the company's website.

The Management of TISCO has strictly adopted the policies for monitoring and reviewing all measurements following the Legal Justice, Good Governance, rules and regulations. The Board of Directors appointed and assigned the Corporate Governance Committee, a sub-committee of the Board, to review and update the policy and guidelines in accordance with the Law and International Standard. TISCO adheres to the Principle of Know Your Customer – KYC and explores the customer information corresponding with risk – 'Customer Due Diligence' to ensure that there are neither illegal matters in our services nor negative effects to social and environment. All operations of TISCO have been being audited and monitored regularly by the Compliance Unit and Internal Audit Unit as well as the External Auditors and governmental regulatory offices i.e. the Bank of Thailand (BOT), the Office of the Securities and Exchange Commission, Thailand (SEC), the Stock Exchange of Thailand (SET), Anti-Money Laundering Office (AMLO) and the Office of Insurance Commission (OIC). The audit results have been reported to both the Compliance and Operation Control Committee and the Audit Committee.



TISCO enacts non-discrimination policy to our clients, employees, customers and parties and takes the precaution of benefits and legal rights of either customers or stakeholders. The Corporate Governance Policy of TISCO emphasizes on doing business with ethics and fairness, concerns every groups of the stakeholders' rights, carries out duties with maximum accountability, transparency, and equitable treatment to all stakeholders, for example, TISCO recognizes the basic rights of its shareholders and commits to protect and facilitate the exercise of shareholders' rights i.e. 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 equitable treatment in all groups of shareholders, minority shareholders are protected from abusive actions including insider trading any conflict of interest.

TISCO fulfills its contractual commitments to customers by providing professional and practical solution in accordance with the highest standard and code of conduct when the customers are certain to acquire the service fairly without discrimination practices even different charges or service fee are collected. The Human Resources Policy stresses on the compensation that our permanent or contracted employees are responded fairly and rewarded based on an equitable performance evaluation system and non-discrimination.

TISCO Corporate Governance Policy



TISCO provides the opportunities to them by self-development program, professional training, health care benefit, workplace safety, and career path plan. In part of business partners and creditors, TISCO treats them fairly and honestly and honors any conditions agreed by both parties with the standard procurement guidelines, allocating proper duties to ensure the fair system which is emphatic on quality and price.

TISCO has disclosure and transparency management policy when making decision, operating, processing, and fair & disclosure procurement so as to the shareholders' structure. According to the Corporate Governance Policy, TISCO Financial Group Public Company Limited, as the parent company, administrates and centralizes all subsidiaries companies for efficiency, segregates duties to balance the authorities. The Board of Directors appointed the sub-committees which consist of the non-management such as the Audit Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee, to support good governance in any matters which require transparency i.e. Financial Reports and the Information Disclosure, being fully compliant with the Rules & Regulations and Code of Conduct, Error-Mistakes Solving, Complaints, and Disciplines Breaking and etc. and periodically report to the Board of Directors. At the operating levels, roles and responsibilities are completely separated between each function for better control, transparency and fair in every transactions for example loan, deposit, investment, brokerage, procurement, etc. With such policy, TISCO provides Manual and Guidance including standard criteria covering activities and transactions.

We regularly announce interest rates and fee to customers, the financial status can be monitored on web-site and ATM system by the accounts' owners. Any complaints and requests from customers can be communicated and monitored via TISCO Contact Center. Moreover, the Independent Regulating Sub-Committee always monitors and controls every functions and processes to comply with the governmental rules and regulations including any practices to prevent conflict of interest, for example; the officers are prohibited from trading TISCO's shares before the financial statement is published, the officers are prohibited from buying shares of the company which TISCO is the financial consultant according to the conditions, the management are enforced to report on trading, report on securities holding, Directors must notify the Board via the Audit Committee of their TISCO Financial Group's or TISCO Bank's shareholdings as well as must submit form of the interest report to the Chairperson of the Audit Committee for reviewing and submit to the Bank of Thailand respectively. Besides the internal control system and risk management will be reviewed by independent Internal Audit function, external auditor and regulatory bodies.

Based on the Policy which is cautious about conflict of interest and complying with the relevant rules and regulations, the employees will not violate the law or ethics and not use the company's assets or properties in contrary to the law. In response to policy of business dealing with fairness, TISCO provides Code of Corporate Ethics in the operating manual for the general staff, which covers honesty, justice, avoidance of action which is implied to benefit specific groups, compliance to regulations and laws, confidentiality of client information, etc. Every employee is required to study guidelines, regulations and Code of Conduct as they are written and appeared in the Employee's HR Manual, Compliance Manual, Business Code of Conduct, Working Manual, Anti-Corruption Guideline. Communications are through variety of channels such as Intranet, E- Learning, Training Class, and cartoons. Annual test of knowledge about the guidelines is part of annual performance evaluation of all employees (Competency KPI) to ensure that the guidelines are understood and complied.



TISCO operates and monitors overall work in accordance with the Risk Management Policy. Employees, management and the directors are required to strictly perform under the principles and practices, rules and regulations. TISCO do not provide the credit loan to any projects that destroy environments, are unethical, or against rule of laws, resulted in the community and national problems. The monitoring system of Risk Management Policy comprises Risk Profile, Key Risk Indicator and etc. as early warning and reporting to the Risk Management Committee.

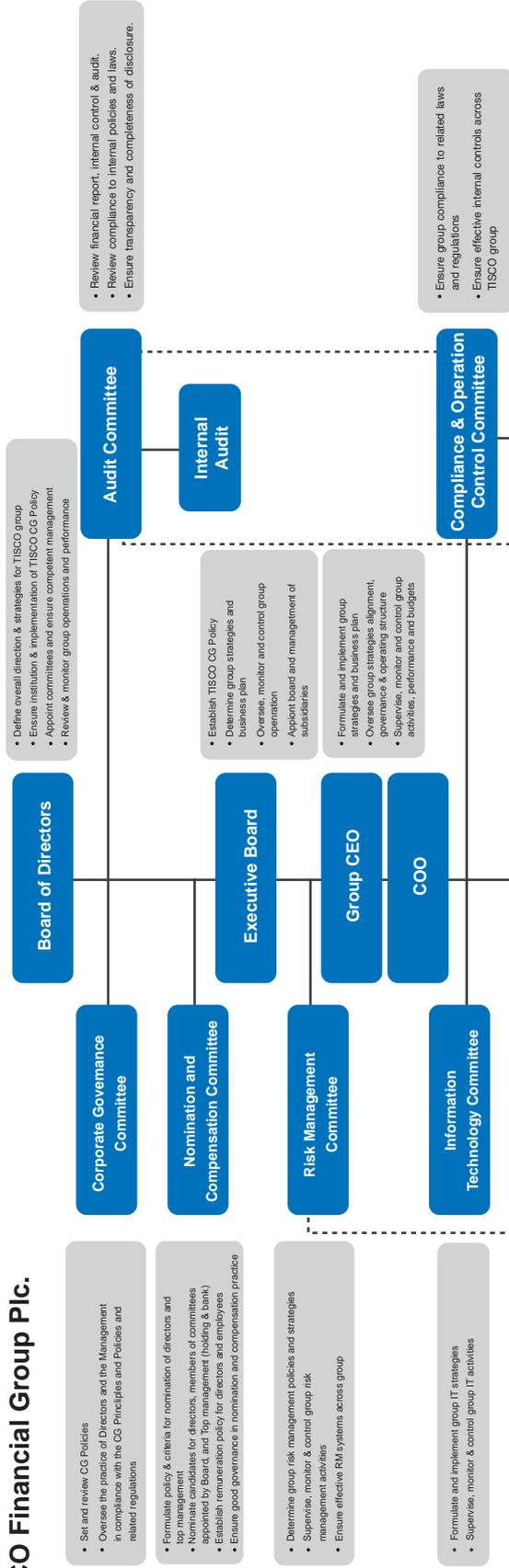
For error and mistakes which may affect economy, society, and environment, TISCO copes with them rapidly and efficiently. The management sets the Whistle Blowing Policy that persons can inform tips or file complaint through many choices of channels i.e. Customer Service Center, TISCO Website, Letter to the Compliance office, or Direct Complaint at the Head Office or branch of TISCO Bank. TISCO employee can file complaint to TISCO HR Help Line. Personal identity and information of whistle-blower will be protected and kept confidential. All comments, complaints or any information given will be brought to the Risk Management Procedures for analysis, solving and report within 7 days for the high-impact matter and 14 days in general case.

Risk Management Procedures

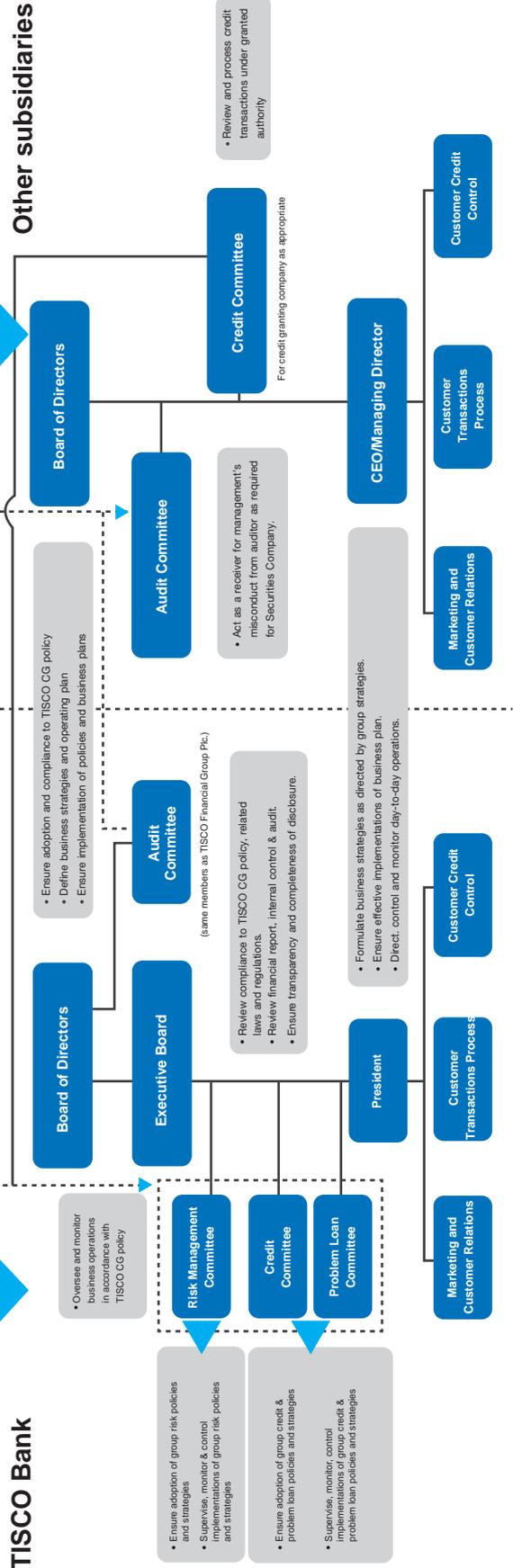


Governance Structure

TISCO Financial Group Plc.



TISCO Bank



Strong Risk Management

TISCO places great importance on product enterprise-wide risk management through greater diversity in business and financial activities. The company balances the desire for business expansion by considering justified risk and return. TISCO has developed a standard risk measurement tool using the company's internal model, which is based on industry practices and has been accepted by the regulatory authorities. TISCO has efficiently allocated its available economic capital for business expansion to correspond with its objective for maximizing shareholder value according to the level of risk. In addition, TISCO Bank has enhanced its risk management system in order to support the capital requirements of Basel II-Internal Ratings Based Approach (IRB) since 2009, and has applied Basel III since January 2013.

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

Risk Management Framework and Process

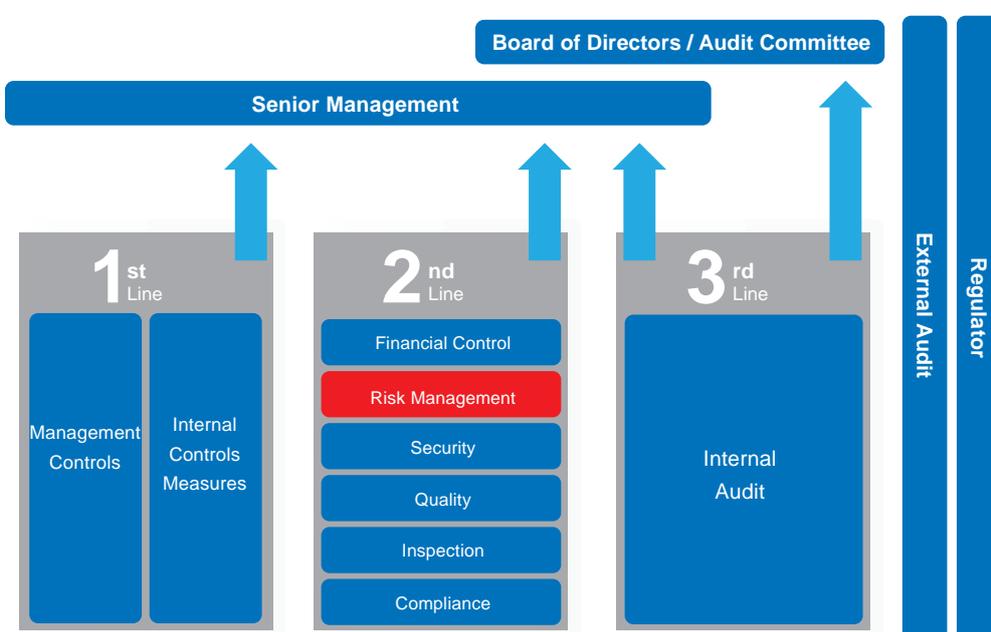


In accordance with enterprise-wide risk management policies and objectives, risk management and internal controls have been monitored and controlled by the Board of Directors of the Company with a delegation to the Executive Board of Directors of the Company. An effective management process has been established for assessing and managing all company-wide risk exposure at both the portfolio and transactional levels to ensure the financial soundness and safety of the TISCO. Senior Management and relevant business advisory committees oversee the entire risk management framework and strategy for all business areas supported by planning and budgeting functions. The Risk Management Committee, supported by enterprise risk management, risk research, and operational risk management functions, is set up to ensure that enterprise-wide risk management of the Group is undertaken according to the same standards. Specific-area risk authorities are then established to manage in-depth,

transaction-level risks in each particular area, such as the Credit Committee, Problem Loan Committee and Compliance & Operation Control Committee. These mechanisms are in turn supported by the Office of the Credit Committee and other supporting functions governing compliance and the Legal Office.

Enterprise risk management of the TISCO facilitates management’s desire to effectively govern and manage the enterprise’s approach to risk management and to create sustainable value to its stakeholders, customers and communities through business objectives. The effective enterprise risk management of the company involves the strategic implementation of three lines of defence as the principle of the risk management framework, as well as developing a risk management system to ensure financial sustainability.

The Three Lines of Defence Model



Risk management of TISCO classifies risks into different aspects, and considers five risk factors: credit risk, liquidity risk, market risk, operational risk and strategic risk. Overall risks to the TISCO are at manageable levels, with the amount in the capital fund remaining strong for further business expansion which has been assessed by the Bank of Thailand. Moreover, TISCO has guidelines for risk management according to each type of risk.

Business lines are fully accountable for managing their own risks within the policy guidelines established by the Risk Management Committee and specific-area risk authorities. All business operations are under the risk limit approved by the Risk Management Committee including new business analysis in each business line. In addition, risk limits triggered as well as new businesses shall be reported monthly to the Risk Management Committee for acknowledgement. However, to enhance overall risk management, the risk management system shall be audited and reported to the Audit Committee which directly reports to the Board of Directors.

New Product Guidelines

In line with the supervisory process outlined in the Risk Management Policy, all new products, services, channels, business processes, and business guidelines of TISCO must be approved by portfolio risk authorities and relevant specific-area risk authorities subject to required procedures.



When new business proposals are endorsed by Management responsible and signed off by all authorities including the CFO, Head of Business and Strategy Development, and Head of Governance, the business and product is considered approved for implementation. However, before operations can begin, the business must be supported with appropriate risk management guidelines and must seek approval on related credit issues, such as credit guidelines or credit facility approval.

Risk Management shall review risk management guidelines to cover the new product or business based on the business guidelines, and submit the risk management guidelines to Risk Management Committee for endorsement.

If the new business or product deals with credit issues, the Business Line shall propose the guidelines to the Office of the Credit Committee, which will arrange consideration of credit guidelines or a credit facility proposal for the Credit Committee's approval. All signed-off new business shall be ratified by the Risk Management Committee, and the revision or approval of risk management guidelines and/or credit issues will be submitted to the Executive Board for acknowledgement as applicable.

Anti-Corruption

TISCO emphasizes on Corporate Governance policy and has followed this path with high standard for more than 46 years and embeds “Integrity” as an integral part of company's core values. In 2010, TISCO signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption jointly initiated by Thai Institute of Directors Association (IOD), Thai Chamber of Commerce (TCC), Joint Foreign Chambers of Commerce (JFCCT), the Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries to create awareness against corruption in Private Sector. TISCO was certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption on October 8, 2013 and currently is on preparation process to apply the recertification of Anti-Corruption Program. TISCO has launched the “Anti-Corruption Policy and Guideline” and appropriately revised on regular basis to ensure the effectiveness. The key essences of such policy and guideline as briefly given below are regularly communicated to all staff through internal channel and e-learning media and to business partners as well as to the public through the dedicated channels as appropriate.

Anti-Corruption Policy and Guideline

TISCO formulated the Anti-Corruption Policy and Guideline with an aim to declare the intent and establish direction of TISCO to fight corruption and prevent from being vehicle for money laundering and financing of terrorism activities. The Anti-Corruption program was implemented with effective mechanisms to prevent corruption at TISCO in an alignment with applicable laws and best practices.

Anti-Corruption Program shall be consistently carried out across all business units within TISCO and Subsidiaries. The policy is mandatory for directors, senior managements and all level of employees.



Key Principles of Anti-Corruption Policy and Guideline

01

Prohibit bribery in any form in all activities under control and ensure that they are transparent and will not be for the purpose of attempting to influence the recipient into an improper exercise of functions, duties or judgment

02

Prohibit exploitation of title or personal relationship to explore channels or opportunities for gaining self-benefit

03

Implement appropriate internal control systems and controls to prevent unethical conduct by employees, ensure good governance, and institutionalize the values of integrity and accountability in the business

04

Enter into integrity pacts with other business partners and with government agencies

05

No employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes or reporting suspicious circumstances even if such refusal or report may result in the company losing business

TISCO has arranged Whistle-Blowing Channel, which is a channel to receive feed-back or allegation from both external and internal reporting. Through these channels, the reporters shall be treated anonymous and confidentially. Any actions, which violate or appear to violate the code of conduct, will be investigated and processed according to disciplinary guidelines of TISCO.

In addition to the regular assessment on risks related to corruption, TISCO has implemented compliance program and provide business conduct guidance to directors, senior managements and all level of employees to fight against corruption. The summarized measurements conducted throughout the year 2015 in regard to this matter are given below.

1. **Evaluate the Company's Annual Corruption Risk Evaluation** during the company's annual Risk Assessment Evaluation
2. **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 Compulsory KPI report which required 100% of test result.
3. **Strengthen and Enhance the Control Measures** for procurement process to minimize the possibility of corruption or bribery. Additionally, 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.

4. **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 on the preparation process to upgrade to level 5 by extending the anti-corruption practice to counterparty and business partners.
5. **Promote Anti-Corruption** activities with other organizations on regular basis. In year 2015, TISCO has joined the activities to show power against corruption arranged by Anti-Corruption Organization of Thailand together with partners and private sector under the theme “**Active Citizen Against Corruption**”. In this campaign, the participations of government agencies, private sector and citizens for over 3,000 persons were presented at the Central World Plaza.

Communication and Training on Anti-Corruption Policies and Procedures to Employees and Business Partners

	Employee Level	No. of Attendance	Percentage
	Staff and Officers	3,118	96.89
	Senior Officers	901	98.79
	Function Heads and Higher	106	82.17
	Business Partner	No. of Attendance	Percentage
	Vendor	95	100 ²

Remark: 1. Not included communication through website channel
 2. Only vendors that had transaction with TISCO in 2015

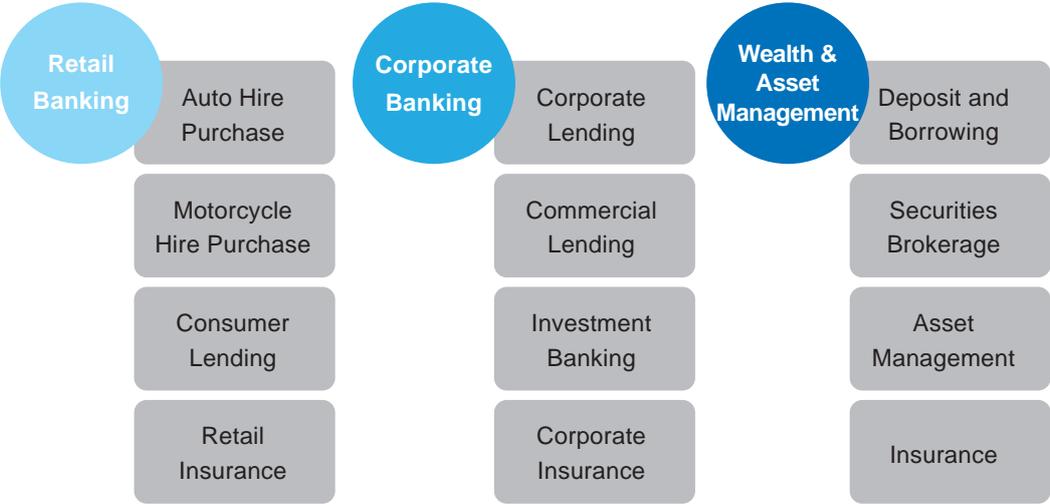
Sustainable Economic Performance



TISCO Business to Create Sustainable Growth

For the past 46 years, TISCO has shown resiliency delivering strong operating results through all ups and downs. Solid performance has been maintained even under any challenges of domestic economy and market environments, while sustainable growth strategy is carefully managed considering current market conditions in accordance with the prudent policy of risk-return management. TISCO's core businesses are divided into three main businesses including Retail Banking, Corporate Banking and Wealth & Asset Management, offering various products to serve customers' financial needs.

TISCO's Core Businesses



Strong Business Performance

2015 was another difficult year regarding slow recovery in Thai economy. Nonetheless, with TISCO's ability to generate revenue and cost management, it is granted that strong economic value has been delivered while the sufficient capital has been retained for the future business expansion. Profitability level remained high among the top tier in banking industry, reporting return on shareholders' equity of 15.8%. Net profit continued to be strong at 4,250 million baht whereas revenue exhibited an impressive growth despite the sluggish economy. Supported by the beneficial interest rate environment, funding cost was efficiently managed, lowering the level of interest-base cost and widening the margin for the business. Even though TISCO encountered a pressure from global economic downturn, resulting in a default of a sizable corporate client, the credit expense was substantially increased to set aside provision reserve against all potential loss.



as of December 2015

In terms of core business, TISCO expanded financial accessibility by expanding our microfinance business under the brand "Somwang" through the opening of nationwide loan offices. Moreover, bancassurance business also introduced wider range of insurance products, offering many cases of protections from life insurance to health and deposit insurance. In Wealth & Asset Management business, TISCO Asset Management launched TISCO ESG Investment Fund for Society that invests in the stocks of companies that contribute to social responsibility in 3 aspects: Environmental, Social and Governance (ESG), as it is known to promote the investment on account of ESG awareness and produce more favorable and sustainable returns.

(1) Direct Economic Value generated	Definition by Financial Statement	2015
Revenue	Total operating income excluding Interest Expense	22,850.3
(2) Direct Economic Value distributed		
Operating Cost	Directors' remuneration Premises and equipment expenses, and Others	1,916.7
Employee Wages and Benefit	Employee's expenses	3,379.8
Payment to Providers of Capital	Dividend Payment and Interest Expense	8,359.0
Payment to Government	Corporate Income Tax, Tax and Duties	1,245.3
Community Investment	Donation, Financial Literacy Program	17.7
Economic Value retained (1)-(2)		7,931.8

Unit: Million Baht

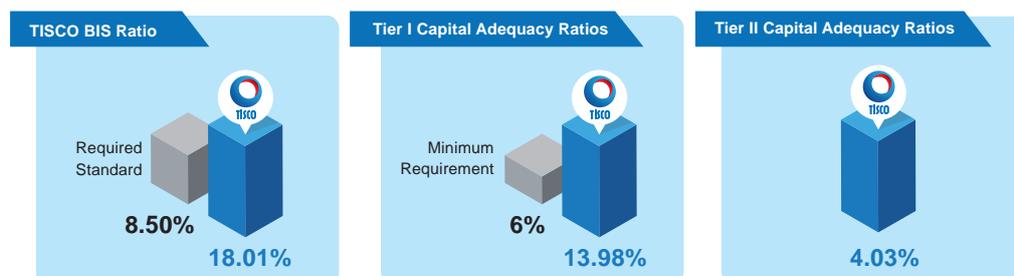
Strong Capital

In term of risk tolerance, TISCO capability to sustain higher or lengthen risk was shown through strong capital base. TISCO's shareholders' equity accumulated from the retained earnings and remained strong and sufficient with the book value per share (BVPS) as of December 31, 2015 at 35.21 baht. In terms of regulatory capital requirements of the Bank and Securities Company, the positions are strongly secured to cushion for the expansion of assets in the future. At the end of December 2015, the regulatory capital adequacy ratio based on the IRB approach (BIS ratio) of the bank stood at 18.01%, well above the 8.50% required by the Bank of Thailand. Meanwhile the Tier-I and Tier-II capital adequacy ratios stood at 13.98% and 4.03%, respectively, with the Tier-I capital adequacy ratio also remaining higher than the minimum requirement of 6%.

Tax Responsibility

TISCO and subsidiaries strictly comply with Thailand corporate tax laws and are liable for accurate and timely tax payment in the name of good corporate citizen according to TISCO's corporate governance policy. The contribution of tax payment is ensured by the monitoring of corporate accounting team and the control by both internal and external auditors. TISCO believes in the compliance with tax payment as a direct contribution to the sustainability development of Thai economy and society.

By continuing compliance with tax regulations, TISCO had received "Ratsadakornpipat Award" (Taxpayer Recognition Award) by the Revenue Department for being a good and responsible taxpayer.



Enhance Rural Economy and Financial Inclusion with Microfinance

TISCO engages in microfinance business to expand geographically through a subsidiary, namely Hiway Co., Ltd (Hi-way). Hi-Way provides lending to low-income clients mainly through motorcycle hire-purchase lending business. Hi-Way has very strong relationship with local communities with the good reputation in motorcycle financing business. With realization and placing an importance in reducing loan shark problem in rural areas, Hi-Way has initiated new platform under the Brand of “Somwang Ngern Sung Dai” in 2012 to resolve this problem by providing microfinance service to local communities, especially to low income earners.

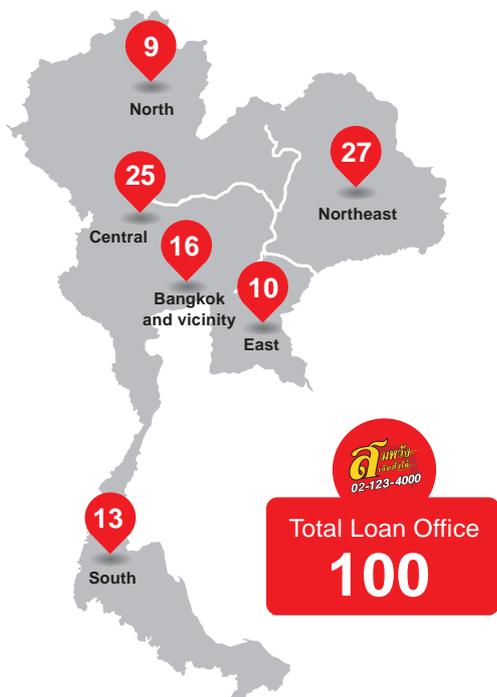
Somwang's Business	2014	2015
New Loan Financed to Low Income Segment (Million Baht)	2,483	3,979
Loan Outstanding (Million Baht)	3,646	5,401
No. of Somwang Branches	90	100
No. of Participants in “Smart Saving, Smart Spending” Program	7,200	21,603
% of Usage of Local Resources	70%	80%

Sustainability into Actions

For 3 years of operation under the brand of “Somwang Ngern Sung Dai”, Hi-Way totally opened 100 Somwang loan office branches located in provincial areas nationwide in order to provide sustainable financing services to customers. 100 branches opening is also an indicator of success in terms of providing financial accessibility and more convenient channel to local community to serve the low income customers who have limited access to funding and give professional financial service. By expanding extensive distribution network into new area, TISCO has opportunity to promote financial inclusion for the local communities around TISCO’s distribution network.



In 2015, the number of Somwang branches reached 100 loan offices in all regions of Thailand.



TISCO still aims to increase the number of loan office branches into new areas and offer financial opportunity for the people in rural areas.

In addition, Somwang provides professional staffs in every local office to provide the financial solution and recommendations to customers as needed. Somwang staffs also possess competency and excellence in service which is the key goal to provide the best services. Somwang staffs have been trained to be experts in all-round products and certified with expert licenses. For the product development, Somwang designs and develops products which are suitable for every customer's life cycle stage, and provide relevant products for all

individuals and small business owners to create their sustainability growth. As a result, new business has grown by over 60% from 2014 to 2015 while the number of branches reached 100 branches in 2015. With high quality of service and product of Somwang, a large number of people have shifted their source of fund from loan sharks to Somwang loan which offers more reasonable and fair interest rate. Somwang believes that as a result of our business growth and expanding loan network, Thai communities and people are able to exit the unfair lending and reduce predatory lending practice.

Existing in nationwide locations in Thailand, Somwang remains to consolidate the utilities of all 100 branches as efficiently as has been done. Somwang recognizes that all of resources and supplies for building the branches need to be localized in order to create employment and income distribution in local areas.



Regarding, Somwang has a standard for employment procedure and contractor selection. All employees receive same standard of salary and equal benefit, while contractors are required to hold minimal standard practice; for example, hiring the legal labor and having good environmental policy.

To create sustainability growth, Somwang realizes that product specification and purpose of the loan are the most important factors to lead and educate local communities to have payment discipline. Thus, Somwang products are fully collateralized loan with purpose to support customer's working capital.

**Address
Environmental Concern**



Financing Support to Environmental-Friendly Business

TISCO has expertise in providing professional financial service to corporate and commercial clients aligning with the goal to provide financial solutions that match with diverse customers' needs. TISCO Group has synergized resources within group to provide full range of services including corporate lending, commercial lending, financial advisory, as well as, investment banking services. Amid the increasing public attention to sustainability development, loans provided for corporate clients and SME clients take into consideration the benefits and impacts caused to the ESG perspectives.

TISCO's corporate banking service covers various industries such as energy, power, utility & infrastructure, manufacturing, logistic, and property industries in accordance with economic and investment direction. Among these clients, a large number of clients in energy and power utility sector propose the alternative energy projects that are environmental-friendly and create environmental benefits.

Providing Credit Facility to Renewable Power Business

Regarding to ESG, TISCO always supports renewable energy business and provide almost all type of renewable power project. Subject to feasibility and creditability of the projects, TISCO aims to find the best solution to the clients that work for these businesses. TISCO considers the client's needs, preferences and constraints, and offers the optimal products that allow the clients to achieve their objective with reasonable price, term and conditions.

The renewable power business is the current trend that is widely accepted and promoted worldwide, aiming to make economic and environmental changes to the world. Renewable energy is generally collected from resources which are naturally replenished on a human timescale. The shift to this alternative energy and the implementation of energy efficiency are resulting in significant energy security, climate change mitigation, and economic benefits. The benefits include reducing pollution that harms public health, mitigating climate change and global warming concerns and reducing the greenhouse gas emission. Moreover, the costs of renewable energy technologies are getting cheaper, through technological change and the benefits of mass production and market competition. By providing credit facility to these projects, TISCO indirectly encourages the usage of renewable energy in the community, promoting the business that is economical-friendly and gives a long-term environmental impacts to the world.

List of the Project Loans That Deliver Environmental Benefits:

Type of Projects That TISCO Provides Credit Facilities	2015 Outstanding (Million Baht)
Solar Farm	1,519.49
Wind Farm	1,497.71
Eucalyptus Plantation	39.07
Total Loans Outstanding	3,056.27
Percent per Total Corporate Banking Loan Portfolio	7.1%

Professional Support for Investment Banking Service

Investment Banking service under TISCO Securities is at forefront of the industry. It has developed high expertise and experiences in providing the best services to both corporate and government-related clients. It took part in developing Thailand's capital market and creating new business transaction.

The full range of services include fund raising from equity and debt capital markets, merger and acquisitions, privatization advisory and implementation, project financing, debt restructuring, general advisory and other services. TISCO is renowned for the successful underwriting service for the Initial Public Offering ("IPO") which the investment Banking team delivers creative solutions to meet clients' requirements and flawless execution for smooth operations and ultimately success to the transactions. In 2015, TISCO was the lead underwriter and financial advisor for Global Power Synergy Co Ltd. (GPSC). To work as financial advisor for GPSC, it is always noted that environmental and social responsibilities are their key mandate to be delivered. As a company in PTT Group, GPSC emphasizes its CSR activities and do many activities each year. GPSC is the large power company that invests in many renewable projects. Supporting secure funding of GPSC for future investment will increase the opportunity to have more renewable projects in Thailand and the rest of the world. Also, with more projects and funding, this will improve the unemployment rate, growing economy and increasing energy supply.

Giving Back to the Ecosystem

As one of the annual activities, TISCO reforestation has been continuously held for over 25 years. For the 4th consecutive year, in 2015, the activity was held at Luk Phra Dabos project development area in Samut Prakan province with an aim to support the area development to be a learning center of ASEAN's brackish ecosystem in the future.



Sustainable Supply Chain Management

As one of the trustworthy organizations in the industry, TISCO operations rely upon efficient supply chain management, which coordinates mainly among procurement process policies and guidelines. The selection process puts the concern not only on the pricing but also the environmental impacts, together with the assurance of regulators. Most inventories and office supplies are assessed to be environmental-friendly while generating the most favorable cost-benefit value, minimizing the operating cost that leads to creating valuable utility and profit to the organization.

Procurement process involves managing inventory and supply orders, receipts, reviews and approvals with the suppliers. Inventories such as bank checks, bank cards and passbooks, are essential operating resources for the business that require being carefully managed for both accuracy purposes, as well as best cost efficiency. Procurement process of TISCO is controlled by the centralized business unit where the orders will be received from all users. The centralized unit will process the order and match the supply requests with the vendor list available. The selection is considered among 3 steps:

1. Find the best match between supplier and the requested orders
2. Review the supplier's profile that is in accord with the procurement policy
3. Evaluate the most cost-efficient alternatives.

Procurement Process



Number of Suppliers and IT Vendors Qualified



TISCO has always considered environmental impacts as one of the criteria before making vendor and product selection. In the past year, an increasing number of office supplies were shifted into “Green Product”. In addition to the certified credibility of the suppliers, they are regularly in contact with TISCO to update and propose the new product offerings that are moving toward eco-friendly purposes. Some environmental changes have been made in 2015 for office supplies, for instance:

- Using printing and writing papers from eucalyptus fiber base
- Using Soy Ink printing for producing Annual Report and business cards
- Picking the non-toxic stationery and office supplies

Moreover, the environmental concerns involved the management of office buildings and the exploration of new equipment alternatives that provide tangible environmental benefits. At TISCO head office, the responsible unit stays updated on the new equipment and new technology that are introduced into the market while incorporates with the supply providers for the cost-benefit evaluation. Mainly, TISCO put focus into the energy efficiency in compliance with the national energy conservation policy that aims to initiate energy-saving attitude for the organizations. With the careful consideration on economic and environmental impacts, in 2015, TISCO adopts the usage of LED light bulbs at TISCO Tower, replacing the fluorescent bulbs. The LED lighting offers benefits in terms of long lifespan and electrical efficiency, as well as reducing the energy costs and maintenance costs. Furthermore, there was the installation of digital thermometer to the air conditioning system at TISCO Tower, which produces an inexpensive, accurate and quick-responding thermometer that helps control the temperature within the building more efficiently.

In addition to the new technology implemented, TISCO holds the awareness in energy management, namely managing off-hour energy savings, controlling office temperature according to energy saving standard and the automatic shutdown of unused computer systems.

Increasingly, TISCO encourages the usage of resources wisely in day-to-day operations, such as supporting the paperless transactions, the use of E-statement technology and the implementation of digital channels. The significant part that performs as the main platform for the business operation is the IT application, controlled by vendor selection procedure. The outsourcing guidelines were created to support all the business transactions, maximizing operation quality while minimizing exposure to fraud and collusion. When there are demands for any IT development, 'Request for Proposal (RFP)' document is initiated with scope of work clarification for vendor. The RFP will be distributed to all potential vendors to increase the variety of choices and reduce the possibility of fraud and corruption. The vendor selection process will be evaluated through scoring method among working team both business and IT teams.

TISCO always regards that policy guidelines for procurement process and IT vendor selection are regularly reviewed and revised by the committee in charge, assuring that the operational process sustains the long-term value to support organizational growth.



Support Social Well-Being



Responsible Product Development

In order to enhance customer satisfaction, TISCO aims to provide wide range of financial services and products to customers. In 2015, various products were continually introduced to satisfy customers' need such as insurance products, deposit products, and mutual fund products. Besides product varieties offered to customers, TISCO also places importance to customers' financial knowledge by providing securities research service and various seminars for wealth clients and arranging financial knowledge program for young business leaders.

Bancassurance - Insurance Product Development and Selling, Life Insurance and Non-life Insurance

TISCO Bank's bancassurance operates as a life and non-life insurance broker, with the objective to support the strategy to become "The Top Advisory Bank", serving to select and develop insurance products that meet customers' needs in terms of compensation benefits and the best privileges. For credit customers, TISCO helps reduce financial burden when an unexpected risk happens. For deposit and investment customers, it supports a better quality of life, along with financial planning that leads to financial freedom. The products include:

Non-Life Insurance

Insurance coverage on the property as a secured for lending customers. To help reduce the burden on customers if unexpected events that may occur to the customer's property

Health Insurance

Focus on Health Insurance and Critical illness insurance coverage to provide customers with quality of life

Life Insurance

Insurance on lending with high-yield life insurance along with coverage suitable for financial planning



Business Policies that Create Confidence Among Customers

TISCO conducts business ethically and in compliance with insurance laws and regulations relating to the insurance brokerage business. The selection of insurance companies is focused on giving advice to customers on the basis of trust, financial status, and clear policy about underwriting, and specialized in business, along with effective operating system and claim services. The bank agency would annually evaluate insurance companies to rank and select insurance companies that should be encouraged. The information to be evaluated are consist of financial information (financial statements analysis), evaluation of the effectiveness of such operations (Operating & Support), claims Management (Claim Service), and marketing management (Marketing).

TISCO established policies about operations, risk management, and providing after-sales services by offering advice and selecting insurance companies with financially stable for the insured. TISCO avoids sending applications to the insurance company with financial problems or a lack of liquidity. The administrations are as follows:

01 Track and analyze information to assess risks and trends that might affect insurance companies

02 Providing follow up agencies to guide and track compensation claims of insurance Companies to compensate within a reasonable of time, and fair to insured

03 Provide a claim service agency to coordinate, monitor, track and report on the services of insurance companies with the ongoing basis

Offering Saving and Investment Products as the Answer to Customers' Need

TISCO provides broad financial products and services for wealth and asset management clients under the brand “TISCO Wealth”, which has an expertise in financial advisory and managing assets to create favorable returns. TISCO Wealth continues to provide innovative product development and diverse financial services to serve every investment needs, directed by experienced financial advisors, together with economic and investment research, which is conducted aligning with dynamic investment situations.

TISCO launched “Blue Diamond savings” in February 2015 as the notable depository product that offers higher interest rate than regular savings and allows clients to deposit or withdraw money as many times as they want with no extra fee. These product features serve specifically for the high-net-worth clients that look for high returns as well as convenient depository service point. Focusing on clients with deposit amount more than 1 million baht, Blue Diamond savings are continually well-recognized with total deposit balanced of over 5 billion baht in 2015.



For the investment services, TISCO Asset Management, a subsidiary of TISCO Group providing asset management services, continually introduced diverse products to satisfy clients' needs varied by required return and acceptable risk level while emphasizing on ensuring favorable returns and supporting long-term financial stability. In 2015, TISCO Asset Management continually succeeded to be the market leader in trigger fund market with consistent and successful issuances of 31 new trigger funds. 15 trigger funds reached the target return within the defined period, regarded as approximately 80% of trigger funds success rate, gaining satisfying feedbacks from clients.

Given the public focus on ESG concern, in 2015, TISCO Asset Management first launched "TISCO ESG Investment Fund for Society (TISESG-S)" with purpose to motivate and support Thai listed companies to increase the awareness in social responsibility in 3 aspects: Environmental, Social and Governance (ESG). The fund mainly invests in the listed companies in the Stock Exchange of Thailand that are engaged in socially responsible investment and generate favorable social benefits, as well as promising long-term sustainable returns. Moreover, the management fee paid to this fund will be donated, at least once a year, to foundation or any other agencies that provide benefits to Thailand society.



As one of the brokerage service expertise, TISCO Securities has developed the investment research hub and introduced "TISCO Weekly Guru", the research recommendations that are available for public users and free of charge. This research aims to keep investors well-informed on the changing investment environment, as well as potential investment opportunities available. In addition, TISCO Securities, in collaboration with Deutsche TISCO Investment Advisory, increased the number of equity research coverage in order to better respond to both Thai and foreign investors' need. Researches extended to 117 equities from all industries by the end of 2015. The primary objective is to facilitate investors and support effective decision-making concerning stock trading transactions.

Not only does TISCO offer a wide range of products for clients, it also regularly arranges various seminars covering from economic outlooks to investment advisory forums for clients with different needs. “TISCO Securities Website” has been enhanced by adding up a seminar service function enabling the clients to update on the upcoming events and make an online reservation. The website is regularly developed to be more up-to-date and more practical for clients serving the increasing number of online clients.

With the continuing product and service development, TISCO’s first priority is to maximize customer satisfaction level which over the years has improved essentially. The ability to create a variety of products and respond to different demands makes TISCO one of the most trust-worthy financial institutions in clients’ eye, while excellent service and relationship with clients are rendered incessantly.

Enhancing Financial Knowledge to Young Business Leaders

In addition to providing fundamental financial knowledge, TISCO marks importance in putting the knowledge into practice and extending further investment and business skills so as to carry on the managerial role in strengthening the on-going business and building new entrepreneurship. TISCO holds annual “TISCO Wealth Enhancement Program (WEP)” as an extracurricular activity for high-net-worth clients with an aim to enhance practical financial knowledge and skill to their heirs who represent the new entrepreneurs in next generation. The program was first introduced in 2013 and offers a list of financial related courses, together with wide range of workshops including economics, financial management, portfolio management, leadership skills, and business governance for sustainability. The format of program was lecture-based as providing by various professional including in-house specialists, external experts and successful executives from various business sectors to share their experiences as well as their business and social perspectives.

In addition to the theoretical knowledge, the program encouraged participants to apply their knowledge for a culminating project in topic of “Sustainable Investment Portfolio”. The project required participants to present end-to-end processes of their investment portfolio including target setting, risk analysis, investment rationale for each asset class, and lesson learnt in which the experts from TISCO Economic and Strategic Unit performed an advisor.



Protecting Customer Privacy

Customers' trust and confidence placed to properly handle their information are utterly important. TISCO always realizes the importance on these issues by accurately maintaining customers' information, protecting against manipulation and errors, and securing customers' data from theft and free from unwarranted disclosure. Data of our customers and potential customers are protected by complying with relevant privacy laws, and ensured compliance by our staff with strict standards of security and confidentiality.

So as to protect customers' information, TISCO applies security measures to prevent unauthorized or accidental access, processing, erasure, loss or use by limiting physical access to data within TISCO's systems and encryption of sensitive data when transferring such data. Moreover, reasonable steps will be taken to delete the information when it is no longer necessary for any business purpose.

For storage and security, TISCO also deploys up-to-date techniques and processes to ensure that the personal information is secure and protected from misuse, interference, loss or unauthorized access, modification or disclosure while data access is also restricted only to TISCO's employees and service provider who are authorized to handle personal information. In addition, stored electronic communications will only be accessed by specific people in defined roles e.g. supervisors/managers, compliance personnel, legal officers. Every step of this process is logged in an audit trail, and all copies of electronic communications will be destroyed at the end of the applicable retention period.



Financial Literacy

While the distribution network provide opportunity for local communities, TISCO realizes that financial literacy is crucial for the people in the area to obtain financial well-being. With objective to enhance financial knowledge of people and local community, TISCO's financial guidance for education program was held under the theme “Smart Saving, Smart Spending” and “Debt Management”, mainly suitable for farmers and local administrators including sub district headmen and village headmen.

The content focused on household financial management, financial fundamentals and awareness of shark loans. The activities focus on improving and developing the principles of saving and spending to be easily understandable and applicable in daily life. Financial knowledge handbook written by the Bank of Thailand has been distributed to attendees. In 2015, “Smart Saving, Smart Spending” program were held in 140 communities of 54 provinces throughout the country. Number of participants increased from 7,200 participants in 2014 to 21,603 participants in 2015, exceeding the target of 20,000 participants. Somwang established these programs to create spending discipline to all participants which are the fundamental of the sustainable community in the future.

Number of Participants in “Smart Saving, Smart Spending” Program



Financial Literacy Program for Youth

TISCO also aims to provide financial literacy to society. The establishment of financial literacy projects has been driven by volunteer people with TISCO using their expertise in developing training contents, materials, being trainers and organizing the programs for two major target groups, i.e. youth and communities.



TISCO's Financial Camp, a financial literacy program for youth was initiated in 2013 to provide need-to-know financial knowledge and awareness of the importance of financial planning in their living. It is held regularly during school breaks, currently 4 camps a year at TISCO Head Office building.

- **Financial Camp for High School Students**

With the concept “Saving before Spending, Creating Financial Discipline”, an integrating academic knowledge with fun activities program for effective learning. The program has been designed to make students realize the importance of financial planning in their lives and learn how to apply financial knowledge in their daily lives, for example, personal budgeting, household accounting, money-saving tips & techniques, how to calculate interest rates, how to spend smartly and not being a victim of over claimed commercials. TISCO Financial Camp also provides opportunity for beyond classroom learning, i.e. educational visit to TISCO banking hall, Coin Museum Thailand. The program content has been adapted from The Stock Exchange of Thailand and the Bureau of Academic Affairs and Educational Standards' financial program for youth.

In 2015, to enhance effectiveness, teachers are also included in the program. **Teachers' Financial Camp** provides necessary financial knowledge such as debts management, household financial planning & accounting, expenses management, and retirement planning.



- **After-Camp Add-on Project Contests**

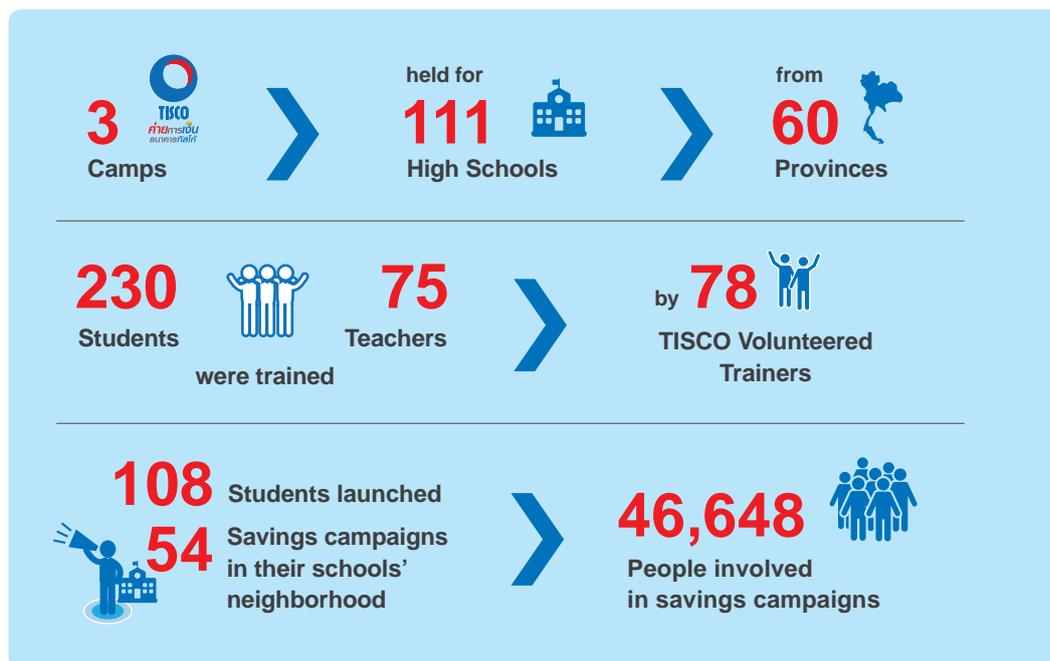
To expand the students learning, after the camps students are encouraged to pass on their knowledge to their friends, families, and communities back at their hometown. They are given 3-month period to promote financial knowledge and implement activities campaign and report results of their activities to compete for an educational development fund and trophies.

Students and teachers joining TISCO Camp are recruited from candidates of every part of Thailand, including three southern border provinces. For the selection criteria, the committee evaluates candidates from the essay written in the application form to look for potential candidates who will be able to lead or influence their friends and families as well as their communities on financial literacy matter in the future.

Number of Participants

TISCO Financial Camp		Student	Teacher	School	Province	% of School Attending After-Camp Idea Contest
2013	Class 1	78	-	40	30	50
2014	Class 2	76	-	39	24	50
	Class 3	78	-	39	28	33
2015	Class 4	78	-	40	28	50
	Class 5	78	38	38	30	55
	Class 6	74	37	37	30	35
Total		462	75	187	68	46

TISCO Financial Camp 2015



Communities Financial Guidance Program 2015



After-Camp Add-on Project Result

Quantitative Result: Since inception, financial knowledge has been collectively passed on to more than 60,000 people by students from 1st to 6th Camp.

Qualitative Result: 80% of participants have a better understanding of financial planning, learn to save before spending money which can be practiced in daily lives. The evaluation result showed that understanding about interest rates calculation is not satisfactory yet. Working team will look into improving the matter in the future.

Examples of Winning Projects Results submitted by TISCO Financial Camp participants:



- Integrate finance into other school learning subjects: Finance becomes general knowledge and familiar to students as it blends into English (finance vocabularies), Thai (essay on money savings), mathematics (household accounting), science (planning & reasoning), physical education (riding a bicycle to keep fit and save money). (Debsirin Chiangmai School, Chiang Mai)



- Personal Wealth Notebook: Organize all personal belongings in bedroom, itemized into frequently used, sometimes used, and never used, write down values of each item and add up to realize how much money wasted on never used items which should rather be savings, thus change spending habits in daily life. (Loeipittayakom School, Loei)



- Campaign to reduce spending in communities' traditional funeral, i.e. no alcohol served which can practically reduce expenses more than 10,000 baht per event. (Yang Kham Pittayakom School, Khon Kaen)



- 'Saving 10% before spending' troop campaigns at school networks and 150 households around school neighborhood, helps their target change behavior to be able to save 2,000-3,000 baht per month. (Santiratwitthayalai School, Bangkok)



- Earn money from waste materials at schools and save it for scholarships to needy students. (Damrongratsongkroh School)



- Three-in-one activity, the campaign is adopted by over 4,000 students in school. One student will reduce 3 unnecessary personal expenses to increase saving and also inviting their families to do the same. (Hatyaiwitthayalai School, Songkhla)

These project activities enhance learning of both students and their audiences, promote financial consciousness and discipline, and encourage volunteerism which leads to a better society.

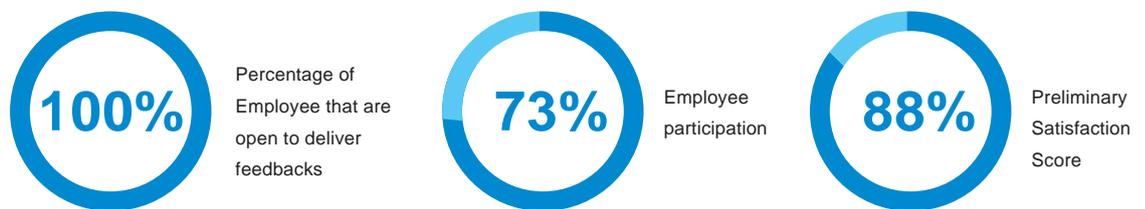
Happy Organization

TISCO's HR mission is "Happy Organization" and we highly value best relationship within organization. The "Employee Relations" team was established in 2014 to foster good relationship between employees and organization, management, and among employees themselves. The team also ensures happy working conditions, favorable work environment and employee satisfaction.



TISCO is always open to all employees' opinions and continuously engages our people through various channels and activities. Senior Management regularly engages with employees while the CEO and management team regularly visit all departments and local operating sites. The annual staff party is organized every year as an appreciation for the commitment and hard-work, while strengthen good relationship within the organization.

An employee satisfaction survey for 2015 was conducted internally in November, with a total of 3,069 employees (73%) participating. Survey results show preliminary satisfaction score of 88%.



As open communication is another factor to build trust and good relationship within organization, employees are well communicated through various channels, both direct and indirect. Direct communication on e-mails, announcements, and intranet websites and social media community are in place. Regular meetings with middle management are held so that team heads are constantly updated and relay key messages to and receive feedback from their team members. In addition, with the highest respect for all employees' opinions and complaints, all employees in TISCO enable to express their opinion or complaint through the channel for communication between management and employees namely "HR Helpline". The HR Helpline operated in the form of a Whistleblowing Channel comprising of representatives from Governance Offices and Human Resources Management Department to ensure the privacy of whistleblowers.

Minimum Notice Period Regarding Operational Changes:



Employee Career Development

From staff competencies assessment, the training and career development roadmap for individuals will be established. The competencies development program in TISCO is divided into technical & functional and organization core competencies.

Training and Education	2013	2014	2015
Percentage of employees who received performance review	100%	100%	100%

For technical competencies, the roadmap is designed every year in response to business strategy and environment for each business pillar with a main focus to enhance relationship managers' capability in order to provide quality advice and good services to our clients. A series of annual seminars for business units were organized. The programs combine learning workshops with team-building activities, providing opportunities to learn and strengthen teamwork. The programs not only increased competencies but also led to improved employee engagement. For functional competencies, staffs are trained according to their job-specific roadmaps.

For core competencies, middle managers are equipped with key leadership skills including strategic thinking, leading and coaching, negotiations and presentation, while all employees are equipped with problem solving skills, personality-based communication, and regulatory updates.

Trainings to TISCO Employees	2013	2014	2015
Training Hours by Job Level			
Management Level	6,132	9,800	6,710
Non-management Level	53,818	64,073	95,771
Training Hours by Business Lines			
Retail Banking	42,516	49,547	59,563
Corporate Banking	466	1,328	1,403
Wealth and Asset Management	9,133	13,844	26,718
Coporate Support	8,435	9,154	8,087

Unit: Hours

Financial literacy workshop was a key program in 2015, employees joined financial planning workshop that covers financial planning, savings and spending techniques, and debt management. The program aims to create awareness for personal financial management and planning and assist our staffs to resolve their financial problems and stay on the right track towards financial stability. The programs were delivered both in form of workshops in all regions nationwide and also in form of e-learning which can be accessed by all staffs. In 2015, a total of 2,058 employees (49%) joined the financial literacy workshops and 3,697 employees (89%) took an e-learning course.

In addition, pre-retirement workshop was organized for retiring employees to help them prepare for their retirement lives covering various aspects including senior retirement benefits, finances and investments, and life style changes.

Social Contribution

TISCO and TISCO Foundation continue to support sustainability development through various CSR activities as a part of the contribution to the society at large. The contributions are made to a wide range of perspectives, including support education, art and culture, public health and various social charities. The activities that have been conducted continually through the organization and the cooperation of TISCO staff are:



- Educational Support - Granted 7,001 scholarships (28,276,000 baht) to needy students through TISCO Foundation for Charity.
- Constructed “TISCO Ruam Jai 3” building for Ban Tha Din Dam School in Lopburi Province and renovated 7 school buildings nationwide. At present, “TISCO Ruam Jai 4” building for Ban Bueng Kan School in Bueng Kan Province is underway. The project will be completed in 2016

- TISCO Group and other leading public and private enterprises supported Wisithsilapin website (www.wisithsilapin.org) run by the Rama IX Art Museum Foundation to celebrate Her Royal Highness Princess Maha Chakri Sirindhorn's 5th cycle on April 2nd 2015 to promote the princess's artistic talent to the public.



- Blood Donation Activity with Thai Red Cross Society in Bangkok and other provinces. In 2015, 1,796,600 cc. or 4,654 units of blood were donated. TISCO received a first-class honor from the Thai Red Cross Society for ongoing support for the blood donation campaign.



- “One Million Hearts for Cancer Patients” Campaign with the Faculty of Medicine, Mahidol University and Ramathibodi Hospital with “TISCO Zero Cancer Insurance Plan” (ZCP). The campaign ended in March 2016.



- Other Charity Projects: Providing start-up and medical fund for needy people through TISCO Foundation for Charity, Making Katin Ceremony in 5 regions, Art Therapy Activity and Upekkha House, Participating in "Sathorn Model" project, a collaboration project between private sector and public sector to relieve traffic congestion on Sathorn Road. Moreover, TISCO also helped raising fund to aid Nepal's earthquake for 500,000, donated through the Thai Red Cross Society.

About TISCO Sustainability Report 2015

Sustainability Report is prepared in accordance with the guideline of Global Reporting Initiative (GRI) version 4 reporting framework. The detail of reporting scopes is provided as follows:

Disclosure Level: [G4-32]	In-Accordance at Core Level
Reporting Period: [G4-28]	During January 1, 2015 to December 31, 2015
Organization Type	Annually
Boundaries of Report: [G4-17]	<p>TISCO Financial Group Public Company Limited and its subsidiaries under the financial group which are as follows</p> <ul style="list-style-type: none"> • TISCO Bank Public Company Limited • TISCO Securities Company Limited • TISCO Asset Management Company Limited • Hi-Way Company Limited • TISCO Leasing Company Limited • TISCO Information Technology Company limited • TISCO Learning Center Company Limited • All-Ways Company Limited • Deutsche TISCO Investment Advisory Company Limited • TISCO Tokyo Leasing Company Limited * • HTC Leasing Company Limited *
Most Recent Report:[G4-29]	TISCO Sustainability Report 2014

*Not included in consolidated statement in accordance with Thai Accounting Standard

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[Investor Relations \[G4-31\]](#)

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