



รายงานประจำปี 2553 | ANNUAL REPORT 2010

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Report from the Board of Directors

Despite several internal and external disruptions in 2010, including the violent political demonstration in Bangkok, severe flooding in the central and southern region, and sovereign debt crisis in Europe, the Thai economy was able to withstand all disturbances and continued to demonstrate strong growth in GDP of over 7%. This was attributable to the strong fundamental of the Thai economic structure, particularly in the banking and private sector. The capital market responded positively with significant increase in the SET Index of more than 40% over the year, driven by large foreign capital inflow.

Along with the economic growth, TISCO reported an exceptional performance in 2010, with a net profit after tax of 2,888 million Baht, or 45.3% increase from the previous year. The asset base of the group also strongly expanded to reach 170 billion baht, driven by record high loan growth of 32%. While the growth and profitability was strong, the asset quality was well controlled through highly effective risk management system, as reflected in the continually declining NPL ratio to the industry lowest level of 1.8%. TISCO's Returns on Equity (ROE) of 21%, also highest in the banking industry, was well driven by sustainable core businesses. With banking platform fully operational and integrated with group well-rounded financial services, TISCO has now emerged as a full-service financial group with a strong market position in all areas of our business focus.

In 2010, TISCO has successfully completed the succession of the top management. The Board appointed Khun Oranuch Apisaksirikul, the former president of TISCO, as the new Group CEO in succession of Khun Pliu Mangkornkanok due to his retirement from the position of the Group CEO, with Khun Suthas Ruangmanamongkol as the President of TISCO Financial Group PLC. Meanwhile, Khun Pliu Mangkornkanok was appointed by the Board to be the Chairman of the Board following the resignation of Dr. Phisit Pakkasem from the position of the Chairman of the Board. The Board would like to take this opportunity to express deep gratitude to Dr. Phisit Pakkasem for his valuable advice and vision contributed to TISCO throughout his term.

Together with group achievements, TISCO has also completed the final stage of organizational restructuring to become a full client focused organization as well as redefined TISCO's vision to emphasize more on wealth creation for all stakeholders. The group's businesses are also fully transformed into 4 pillars – Retail Banking, Corporate & SME Banking, Wealth & Asset Management, and Corporate Affairs & CSR, in order to synergize group resources to maximize value for all clients and stakeholders.

The **Retail Banking** group constitutes all retail finance businesses of TISCO Group, with hire purchase as the core asset portfolio accounting for 90.0% of the total retail loans. Hire purchase business continued to exhibit an impressive loan growth of 22.5% over the year, contributed by strong surge of domestic car sales and successful business partnerships with Ford, Mazda, and Chevrolet groups. In addition to the core hire purchase business, TISCO also successfully promoted "TISCO Auto Cash", a secured consumer loan product with car pledged as collateral, which has substantially gained popularity among retail clients over the past years, due to its convenience, flexibility, and fairness of terms and conditions. Auto Cash portfolio thus successfully demonstrated strong growth of 104.6% over the year. In addition, bancassurance business continued its leading position in credit life and auto-related insurance with exceptional fee income growth of 74.6% over the year. To support continuing expansion in retail financing, TISCO has initiated to relaunch TISCO Leasing to provide Auto Cash and hire purchase services, targeting micro finance segments in the provincial area under TISCO Leasing brand, with 10 – 15 loan offices targeted to be opened by the end of 2011 across the country.

The **Corporate & SME Banking** group combined together TISCO Group resources in corporate banking, investment banking, SME banking, and TISCO Research, to provide top notch financial solutions to corporate clients. With the strong recovery of corporate loan demand following investment up cycle, TISCO corporate loan portfolio grew sharply by 50.8% in 2010, through numerous loan syndication and credit facilities granted to leading corporations in various industries. In corporate finance, TISCO successfully completed the advisory service to dispose Financial Institutional Development Fund (FIDF)'s stake in Siam City Bank PLC worth 33 billion Baht. In addition, an impressive SME loan growth of 101.8% was also achieved through the success of inventory financing for car dealers and strong expansion in logistic and transportation sectors.

The **Wealth & Asset Management** group covers Private Banking service, Retail Deposit Banking service, asset management service, and securities brokerage service. With an integrated wealth management service, TISCO provides clients with one-stop services with full-shelved investment and saving products, including deposits, financial instruments, mutual funds, private funds, and equity investment, as well as effective advice on asset allocation strategies. Wealth relationship managers are dedicated to each particular client to offer best service and maximize satisfaction, and all key accounts will be serviced with one on one investment adviser. Over the year, our leadership position in wealth management service was re-emphasized with numerous rewards of highest recognitions from many institutes, including "Best Asset Management Company" from SET Awards 2010, "Best Equity Fund Group Over 3 Years" from Lipper Fund Awards 2010, "Thailand's Best Domestic Equity House in 2010" by Asiamoney Magazine, and "Best Bank in Thai Baht Corporate Bonds" by the Asset Magazine.

The **Corporate Affairs & CSR** group aims to promote business operational efficiency while ensuring that business ethics and a strong sense of social responsibility are incorporated into corporate core values. Since our inception, TISCO has adopted the highest ethical standards and good corporate governance best practices throughout the organization according to TISCO Group Policy. It was the third consecutive year that Thai Institute of Directors Association's Corporate Governance Report 2010 ranked TISCO as "Excellent CG Scoring" for overall performance. On Risk Management practice, TISCO continued to be at the forefront of the industry peers for its internal best-practice risk management system, which not only ensure prudent business practice and excellent asset quality, but also enable the group to achieve a phenomenally strong loan growth. Year 2010 was also the first full year the group has adopted the Basel II - IRB (Internal Rating-Based) approach in capital adequacy calculation with satisfactory result. With the fully risk-adjusted capital adequacy framework, the group capital adequacy ratio continued to be very strong with a BIS ratio of 15.2%.

The sense of responsibility and caring towards the society and those left behind has unarguably been TISCO fundamental guiding principle for decades. With an aim to achieve sustainable value creation to all stakeholders, TISCO has placed great emphasis on building strong supportive network among our stakeholders, to promote long-term social development, environmental awareness, and arts & cultural support programs. To pursue TISCO commitment to social responsibility, a newly CSR unit was established, to work complementarily with TISCO Foundation on all of TISCO's existing and future CSR projects. In 2010, after the severe flooding situation in several parts of the country, TISCO promptly provided donations and supplies to the victims, focusing our effort mainly on restoring damaged properties in the affected areas to ensure the continuity of those communities. In addition, TISCO continually provided educational scholarships, medical supports, start-up funds, to the needy across the country. Our staff at all level also consistently took part in annual social activities such as blood donation, reforestation and cultural promotion. In addition, TISCO continued "Rak Rian Ru Su Chumchon" project in which TISCO cooperated with external volunteers network to complete the renovation of 14 local school libraries in 2010.

Going forward, the overall economy is expected to do well in the coming year. However, uncertainties are high and several unresolved internal and external problems are still ongoing, while the competition in the banking industry is likely to severely continue. It will therefore be another challenging year for TISCO to sustain our success story in this highly demanding environment. The Board, is however, confident that with TISCO's solid infrastructure, effective core value and capability, TISCO group will continue to thrive well, along with the Thai society.

The Board is highly grateful for the long-term support from our customers, business partners, and shareholders, and would like to express sincere appreciation to management and staff for their dedication, diligence, and commitments that have made these achievements possible for TISCO.

Board of Directors

Part 1**The Company****1. General Information**

Company Name	:	TISCO Financial Group Public Company Limited (hereafter "Company" or "the Company")
Type of Business	:	Holding Company
Address	:	21 st Fl., TISCO Tower 48/49, North Sathorn Road, Silom, Bangrak, Bangkok 10500
Registration Number	:	0107551000223
Total registered capital	:	11,002,000,000 Baht
Paid-up Capital	:	7,279,120,860 Baht comprised of 727,876,728 common shares and 35,358 preferred shares, both with par value of 10 Baht per share.
Home Page	:	www.tisco.co.th
Telephone	:	(66) 2633 6888
Fax	:	(66) 2633 6880
Reference:		
Share Registrar	:	Thailand Securities Depository Co., Ltd. Capital Market Academy Building, 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road Tung Song Hong, Laksi, Bangkok 10210 Tel. 0 2596 9000 Fax. 0 2832 4994-6
Auditor	:	Ms. Rungnapa Lertsuwankul Certified Public Accountant (Thailand) Registration No.3516 Ernst & Young Office Limited 33 rd Fl., Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0 2264 0777 Fax. 0 2264 0789-90

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

Company/Head office's Address	Type of Business	Type of shares	Issued and paid-up shares	Shareholding by the Company	
				Amount of shares held ^{1/}	Percentage of ownership (%)
TISCO Bank Public Company Limited ^{2/} 48/2, TISCO Tower, 1 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6000 Fax. 0 2633 6800	Commercial Bank	Common	728,152,146	728,032,730	99.98
		Preferred	104	-	
		Total	728,152,250	728,032,730	
Hi-Way Company Limited 2046/16 New Petchaburi Road, Bangkapi, Huankwang, Bangkok 10310 Tel. 0 2319 1717 Fax. 0 2314 5095	Hire Purchase and Leasing	Common	994,500	994,496	100.0
		Preferred	5,500	5,500	
		Total	1,000,000	999,996	
TISCO Securities Company Limited 48/8, TISCO Tower, 4 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6616 Fax. 0 2633 6400	Securities	Common	100,000,000	99,999,993	100.0
TISCO Asset Management Company Limited 48/16-17, TISCO Tower, 9 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7777 Fax. 0 2633 7300	Asset Management	Common	1,000,000	999,994	100.0
TISCO Information Technology Company Limited 48/12, TISCO Tower, 6 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7766 Fax. 0 2633 7600	Service Support	Common	200,000	199,994	100.00
TISCO Tokyo Leasing Company Limited 48/44, TISCO Tower 19 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2638 0900 Fax. 0 2638 0913	Hire Purchase and Leasing	Common	60,000	29,400	49.0
Primus Leasing Company Limited 48/49, TISCO Tower, 21 th Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7766 Fax. 0 2633 7600	Hire Purchase and Leasing (Ceased business operation and currently in process of liquidation)	Common	30,000	29,998	100.0

^{1/} As of December 31, 2010^{2/} Core company of TISCO Group

In addition, TISCO Bank Plc., a core company of TISCO Group, held 10% of issued shares in other companies, all of them are non-listed companies. The investment in such companies is classified as general investment. Details of shareholding in such companies are shown in notes to financial statement item 3.3.5

2. Risk Factors

Overview of Risk Management

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

Risk Management Policy

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

1. Consolidated and centralized risk management
Risk management infrastructure is centralized by consolidating risk exposure from all subsidiaries under the Company through careful risk assessment and the establishment of appropriate risk guidelines and procedures.
2. Business line accountability, independent risk oversight
Each business line is accountable for managing its own risks in the best interests of TISCO Group while complying with risk management policies, guidelines, and procedures. Independent risk oversight and check-and-balance system have been established to ensure that risks are adequately monitored and controlled.
3. Comprehensive risk assessment
Risk assessment is performed comprehensively in all key activities. Risk assessment methodologies may range from basic approaches such as expert judgments to more advanced approaches such as quantitative and statistical analysis, depending on the size and complexity of the risks involved. These assessments are in turn supplemented by fundamental risk analysis and stress testing of extreme risk events.
4. Capital management based on standardized risk tools
Capital represents the ultimate interests of the shareholders. All risk exposures are quantified into a standardized risk measure called Risk Capital based on Value-at-Risk (VaR) concept which can relate risks to the amount of capital required to protect against them according to predefined risk limits. The process of risk assessment under Risk Capital is considered as part of Internal Capital Adequacy Assessment Process (ICAAP) of TISCO. Risk capital enables management and business line managers to understand the level of risks being taken in a meaningful manner. Risks from different levels are integrated to produce an overall risk picture of the Group, which is used for capital adequacy planning and strategic capital allocation both at the corporate and business unit level.
5. Risk Tolerance Level and Capital Allocation
The total risk capital shall not be in excess of available capital fund of the Group where qualitative risk tolerance level shall be applied for non-capital based assessment. Risk Capital shall determine the economic capital adequacy of TISCO, which the available capital is also allocated to the business and operating units such that the capital adequacies to undertaken risk are ensured both at the corporate- and business-unit-level.
6. Adequate return for risk and risk-adjusted performance management
To promote shareholder value creation, risk components are incorporated into business performance measurements with the objective of maximizing risk-adjusted returns for shareholders. Product pricing takes into account varying risks to ensure overall profitability. Business expansion is advocated in the areas where marginal risk-adjusted returns are in excess of the marginal risks.
7. Portfolio management, diversification and hedging
Risk diversification is a key risk management principle in all business activities. Diversification is considered and adopted by management and business line managers both at the portfolio and transaction levels as an effective approach to reducing the aggregate level of risks in accordance with certain guidelines and limits.
8. Strong Risk Awareness Culture
Awareness and understanding of risks and risk management are important for the accountability of risk management. Business heads are expected to have a high degree of awareness and understanding of the risks in their accountable areas and how they contribute to the overall risk of the corporate as a whole.

9. Effective Risk Modeling and Validation

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

10. Regulatory best practice

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

11. New Business or Product

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

12. Related Party Transaction

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

13. Stress Testing

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

Risk Management Framework

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

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

- Board of Directors

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

- Board of Directors of Subsidiaries

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

- Risk Management Committee

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

- Specific-Area Risk Authorities

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

Risk Types

Additional details are shown in Part 1 Section 11: Financial Status and Performance and notes to financial statements item 3.26

2.1 Credit Risk

Credit Risk is defined as the possibility of an obligor's failure to meet the terms of any contract with TISCO Group as agreed or by defaulting on a loan agreement. Credit risk, if it occurs without pledged assets, requires the Bank to maintain higher provisions for loan losses, which will then adversely affect net income and TISCO Group's capital.

- Credit Risk Management Framework

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

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

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

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

TISCO Group uses credit risk management guidelines and limits that are comprehensively applied to all credit-related functions both at the portfolio and transaction levels. Credit risk factors are explained in detail as follows:

2.1.1 Default Risk

In 2010, NPL ratio of TISCO Group was decreased from 2.5% at the end of 2009 to 1.8% mainly due to improving economic condition along with effective credit process and prudently managed non-performing loans (NPLs) including advanced risk management tools and stringent practice of loan collection, debt restructuring and write-off process. Additionally, NPL ratio of retail loan and corporate loan was 1.5% and 1.9%, respectively with total NPLs of 2,654.08 million baht which decreased by 5.4% or 152.49 million baht during the period. NPLs of the Bank was 2,359.00 million baht and there was NPLs of 295.08 million baht from other subsidiaries.

TISCO Group has applied Collective Approach for loan loss provisioning to the car hire-purchase portfolio following the Bank of Thailand framework. The loan loss reserve was derived from the best estimate of expected credit losses from the portfolio over the next 12 months, based historical loss data incorporating with adjustment for the forecasted economic condition. As of December 31, 2010, loan loss reserve of TISCO Group was 4,162.02 million baht or 156.8% of NPLs. Total loan loss reserve of the Bank was 3,859.41 million baht with specific reserve for classified loan of 1,508.58 million baht and general reserve of 2,350.83 million baht. Total reserve was higher than the minimum loan loss reserve required by the Bank of Thailand at 1,787.68 million baht, reflecting the prudent provisioning policy to mitigate potential risk.

2.1.2 Concentration Risk

As of December 31, 2010, hire purchase and commercial loans represented 70.8% and 21.3% of the total credit portfolio, respectively. The hire purchase portfolio, of which concentration was very low, had 106,047.24 million baht outstanding. Top-10 borrower exposure of hire purchase portfolio stood at 81.50 million baht or 0.08% of the total hire purchase portfolio, or equal to 0.06% of the total credit portfolio.

For the commercial loan portfolio, it was diversified into four different sectors: manufacturing and commerce, 10,996.33 million baht; real estate and construction, 6,374.43 million baht; public utilities and services, 4,905.58 million baht; and agricultural and mining, 155.24 million baht. Lending to the above industrial sectors represented 49.0%, 28.4%, 21.9%, and 0.7% of the total commercial loan portfolio, and 7.3%, 4.3%, 3.3%, and 0.1% of the total credit portfolio, respectively. As top-10 borrower exposure stood at 14,206.89 million baht or accounted for 9.8% of the total credit portfolio. There is slight concentration in real estate sector which has been managed under risk management procedure. However, commercial loan portfolios are almost fully collateralized. In loan approval process, appropriate proportion of collateral value and financing amount is maintained to ensure that risks were kept within a manageable level. Additionally, collateral values will be regularly appraised and effective loan drawdown procedure has been implemented. Portfolio credit quality was closely monitored.

2.1.3 Collateral Risk

As of December 31, 2010, lending portfolio of TISCO Group came mostly from TISCO Bank, of which 90.3% of it was asset backed or with collateral. For the hire purchase portfolio, the underlying asset under the loan agreement itself is still owned by TISCO Group. In case the borrowers of hire purchase loans cannot meet the terms and conditions, TISCO Group can follow up and seize the underlying assets immediately. After repossession, the process of asset liquidation can be completed within one month.

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

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

For commercial and mortgage loans, most collateral extended as loan guarantees was in the form of real estate, of which the value could be deducted for the purposes of loan loss provisioning. Collateral values were appraised according to BoT regulations. The proportion of collateral value used in deducting the provisioning requirements for NPLs was 23.9% of the NPLs of commercial loan and mortgage loan.

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

2.1.4 Property Risk from Foreclosed Assets

Property risk from foreclosed assets is the impairment of assets transferred from loans, hire purchase receivable on which debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of repossessed assets is stated at the lower of cost and net realizable value. Outstanding assets in the process of liquidation held by TISCO Group as of December 31, 2010 were worth 21.40 million baht, or 0.01% of total assets. Allowances for impairment stood at 93.8% of total foreclosed assets, which decreased from 49.17 million baht as of December 31, 2009 as a result of an increase in provision for impairment and also partial liquidation in order to decrease risk from impairment of foreclosed assets.

2.2 Market Risk

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

- Market Risk Management Framework

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

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

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

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

2.2.1 Equity Price Volatility

As of December 31, 2010, the equity portfolio stood at 2,039.17 million baht, of which 1,415.34 million baht was listed equity in current market value and 623.82 million baht was non-listed equity in book value.

In 2010, TISCO Group gained from equity investment by 61.03 million baht. Meanwhile, there was an unrealized gain of 278.34 million baht in the available-for-sale portfolio, which have not been realized in the financial performance during the year.

- (1) Listed Equity Risk

Listed equity investment portfolio in available-for-sale book stood at 1,415.34 million baht in which a change in its value would impact the equity through unrealized gains or losses. As of December 31, 2010, unrealized gain from available-for-sale investments equaled 278.34 million baht, comparing to unrealized loss of 45.72 million baht as of December 31, 2009.

TISCO Group calculates VaR for risk assessment purposes and files reports to management in charge as well as to the Risk Management Committee on a daily basis. VaR is a maximum potential loss at a predefined confidence level and time horizon. Daily VaR at a 99.0% confidence level, as of December 31, 2010, was 442.70 million baht, slightly decreased from 487.26 million baht as of December 31, 2009 as a main result of increasing equity position following recovering stock market during the year. For effective risk management and control, trigger limits were set up to monitor the overall market risk profile according to internal guidelines, such as concentration trigger limit, stop-loss trigger limit, etc.

- (2) Non-Listed Equity Risk

Non-listed equity portfolio's book value stood at 623.82 million baht, slightly decreasing from 631.36 million baht from the end of 2009.

Presently, our investment strategy is not to increase the size of the non-listed equity portfolio. TISCO Group is instead seeking opportunities to liquidate them, while at the same time closely monitoring portfolio quality on a regular basis.

2.2.2 Interest Rate Risk

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

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

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

The Risk Management Committee also acts as the Assets and Liabilities Management Committee (ALCO), which is responsible for managing and maintaining interest rate risk at an appropriate level. TISCO Group's interest-bearing assets and liabilities structure, as of December 31, 2010, is provided in the following table.

(Unit: Million baht)

Interest Bearing Assets and Liabilities	Changed within 1 month	Changed within 2-12 months	Changed within 1-2 years	Changed after 2 years	Total
Assets	31,667.90	43,424.33	33,676.84	46,908.13	155,677.20
Liabilities	(72,164.86)	(53,578.00)	(6,295.52)	(13,232.78)	(145,217.17)
Net Gap	(40,496.96)	(10,153.67)	27,381.32	33,675.35	10,406.03

Under the change of interest rate within 1 month, TISCO Group had liabilities over assets cause the net gap to stand at 40,496.96 million baht. The negative gap shown was mainly from the portion of short-term deposit specifically saving and current account of 41.82% which are less sensitive to the interest rate movements. According to the interest rate re-pricing mismatch structure, TISCO Bank was exposed to an interest rate rise.

(2) Fixed-Income Risk

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

TISCO Group's fixed-income portfolio as of December 31, 2010 stood at 2,800.06 million baht, a decrease of 712.49 million baht compared to the end of 2009. Average duration of the bond portfolio and debenture portfolio in TISCO Bank were 0.11 years and 2.11 years, respectively. The average duration of bond and debenture portfolio decreased from 0.21 years and 2.96 years, respectively, compared to the end of 2009 mainly due to the shorter maturity investment portfolio in the year. Fixed-income risk was relatively low as a result of the short-term investment period for the purpose of maintaining liquidity reserves according to the BoT requirements.

2.3 Liquidity Risk

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

▪ Liquidity Risk Management Framework

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

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

As of December 31, 2010, the value of liquid assets is 16,073.58 million baht; comprised of cash at 903.31 million baht compared to 826.53 million baht in December 31, 2009, net transactions with banks and money market at 12,545.40 million baht compared to 12,708.24 million baht as of December 31, 2009 and net current investment at 2,624.87 million baht compared to 2,628.12 million baht in December 31, 2009.

Currently, liquidity risk from the maturity mismatch is moderate, once adjustments for the historical behavior of creditors and debtors such as loan defaults or rollovers are taken into account. According to maturity mismatch profile within 1 year, the cumulative gap has shown the matured assets over the matured liabilities accounted for 24,341.40 million baht. In addition, emergency credit line, cash flow from operations as well as inter-bank borrowing shall be utilized as a cushion against funding risk that might occur.

In order to provide more alternatives in investments for the public and the Bank's depositors as well as to enhance flexibility and variety of funding structure management, in December 31, 2010, the Bank reported the outstanding debentures of 7,000 million baht, and bill of exchange amounted to 72,513.37 million baht and the Company reported the outstanding bill of exchange of 3,345.08 million baht.

2.4 Operational Risk

Operational Risk is defined as the vulnerability of earnings, capital, or business continuity due to an inadequate or failed internal processes, people, technology or external factors. The impact can be classified into financial loss and non-financial loss as reputation, compliance, and service level to customers. In the year 2010, TISCO Group expanded the business into various aspects in both extending the existing businesses as well as setting up the new businesses, therefore, operational risk increased accordingly following the business expansion. Nevertheless, the new business was analyzed for inherent risk in compliance with TISCO new business guideline to ensure risk-return approach. In addition, the operations were reviewed periodically to ensure that prudent control processes are in place and appropriate for the risk incurred.

- Operational Risk Management Framework

Since TISCO Group undertakes a wide variety of business and financial activities, operational risks are different for each area. Consequently, operational risks are managed and controlled through prudent control processes and a well-structured organization with an integrated check-and-balance system. Additionally, TISCO Group is committed to creating accountability and awareness to all staffs on operational risk management.

The operational risk management policy is set by the parent company and coherent adoption across all subsidiary companies in TISCO Group. Operational risk management is overseen by the Risk Management Committee of the Company, supported by operational risk management function who ensures appropriate application of the policy in all functions, analyzes risk and provides proper recommendation, as well as provides sufficient tools and information. The business units as risk owners are responsible to run the business and manage the operations in compliance with the policy and guidelines under risk-return perspectives. In addition, entire internal control system and risk management shall be investigated by Audit Committee which directly reports to Board of Directors following Basel II and requirements of Bank of Thailand.

In order to understand the operations and develop proper measures to manage operational risk, periodic and applicable operational risk identification and assessment is required. Operational Risk Management function is accountable to cooperate with other functions for assessing the operational risk. From assessment result, each functions shall develop their own plan and define risk indicator in order to manage and keep the risk be within the proper level.

At transactional level, abnormal events (incidents) shall be reported into incident management system which is used as an input for the operational risk assessment afterward. The incident management system also help TISCO ensure that all incidents and shall be corrected and managed properly regarding staff authority on timely basis and loss shall be contained.

Moreover, TISCO Group had implemented business continuity management (BCM) in purpose of reducing the risk from business disruption and get ready for severe loss occurrence. This BCM plan works together with IT Disaster Recovery Plan to ensure that critical operation can provide their service.

2.4.1 Operational Risk from business execution

Considering likelihood and impact of risk, TISCO Group operational risk mostly incurs in low to moderate impact area (financial loss is less than 0.05% of annual net profit, and does not impact the business in the long term). These operational risks generally impact reputation than financial status; however, impact can be contained. Regarding the operations in 2010, error rate was less than 0.1% of total number of transaction. Most loss events are erroneous data entry, late transaction execution and system unavailability. Also, TISCO Group has some fairly high to high operational risks including fraud, critical business disruption and high value customer dissatisfaction, which are exclusively controlled in order to terminate or transfer out.

From business line aspect, Retail Banking Business has highest likelihood level, in line with the high number of transaction. The risks in Retail Banking Business are generally classified as high likelihood, low to moderate impact, e.g. error in transactional data entry and late transaction execution to customers. These operational risks typically do not impact financial loss because the erroneous transaction can be reversed, excluding some loan transactions that the recipients have taken cash out of the system. From cause perspective, human error is a key risk factor in the business. Therefore, TISCO Group focus on staff training and communication program. In addition, TISCO Group continuously simplify process which leads to lower error rate. However, there are some operational risks in low likelihood, fairly high to high impact area including risks in cash handling, fraudulent risks, and critical reputational risks. These groups of operational risks, once occurring, can impact to financial loss or business sustainability.

Additional prudent controls are combined in the processes to prevent and able to responsively detect any loss. This risk profile is similar to mutual fund business in Asset Management business line. However, with lower number of transaction in mutual fund business, operational risk is classified as low error level.

Operational risks in Securities Business are similar to ones in Retail Banking Business in that most operational risks are classified as high likelihood, low to moderate impact, which normally incur in transactional data entry. The key difference is that because the business nature aims for processing quickness than impeccable accuracy in order to overtake the rapid change in securities price, some errors can be accepted to some extents; therefore error limit was developed. In addition, if customers are impacted from the errors, proper financial reparation shall be offered.

Operational risks in Payment & Settlement is mainly fairly low likelihood with low to moderate impact area, mostly incurred in cheque issuance, cheque clearing, and transactional money transfer, which are normally reversible. For the area of low likelihood, fairly high to high impact, operational risks incur in high value customer transactions. Any error, although reversible, could impact TISCO Group image and following business opportunities. Operational risks in high value customers also incur in business targeting high potential customer, for instance Corporate Banking, Private Banking, Custodian, Cash Management, Treasury and Investment, as well as Private Fund and Provident Fund in Asset Management business. The operations is, therefore, embedded with extensive controlling process and set to performed by experienced staffs.

2.5 Strategic Risk

Strategic Risk is a form of uncertainty stemming from the possibility that TISCO Group might make an adverse business decision, or improper implementation of a decision in relation to the external business and regulatory environment that may affect TISCO Group's earnings and capital.

- Strategic Risk Management Framework

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

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

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

2.5.1 Risk from Economic Conditions and Business Competition

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

For the equity investment of TISCO Group portfolio, the economic outlook, capital market performance and investor sentiment is still crucial to TISCO Group's financial performance. In a bullish economy, equity prices tend to increase significantly, resulting in improved the Bank profit and capital. Conversely, unexpected events, such as terrorist attacks and natural disasters may cause a substantial drop in equity values, adversely affecting TISCO Group's financial performance. While the brokerage and underwriting business also depends on the condition of the stock market, most income is derived from trading volumes, with the result that the impact of price levels may not be substantial. In effect, TISCO Group has adopted a variable cost structure in the brokerage business, which minimizes the impact of unfavorable market conditions.

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

2.5.2 Risk from Capital Adequacy

As of December 31, 2010, as the bank's capital requirement based on Basel II Internal Rating Based Approach (IRB) where the IRB capital requirement is more appropriate in reflecting the inherited risk profiles of assets than the capital requirement based on Standardized Approach (SA). The regulatory capital adequacy ratio (BIS ratio) after an adjustment of capital floor stood at 15.23% remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II adequacy ratio before an adjustment of capital floor stood at 11.29% and 6.56%, respectively, Tier-I adequacy ratio also remained higher than the minimum requirement at 4.25%. In addition to regulatory capital requirement, TISCO Bank also adopts IRB Basel II approach in risk management and capital requirements. Additionally, the Bank maintained provisions against potential loan losses 62.6% higher than BoT requirements. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 49.75%, greatly higher than the minimum required ratio by the SEC of 7.0%.

As an internal risk measurement of capital adequacy, the risk-based capital requirement of TISCO Group stood at 6,157.56 million baht, accounting for 36.4% of the total capital base under IRB Basel II of 16,920.43 million baht.

2.5.3 Risk from Subsidiaries' Financial Performance

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

For the year 2010, net profit of TISCO Bank and subsidiaries was 2,647.26 million baht including net profit of 654.24 million baht from subsidiaries. Although the subsidiaries experienced outstanding business performance and generated profits to the Company, however, investment strategy is important in the future. Therefore, the Board of Directors meeting has defined the investment policy for TISCO Group where the Company will invest in those businesses having ability to support the competitive efficiency of the group. Besides, the market and industry trends, competitive environment and long-term profit making capability together with prudent risk management shall be considered.

Net income from subsidiaries accounts for 28.2% of total net income, which significantly affects the overall TISCO Group's income. Additionally, the net income from brokerage and investment banking are from TISCO Securities while net income from asset management is from TISCO Asset Management.

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

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

3. Overview of TISCO Business

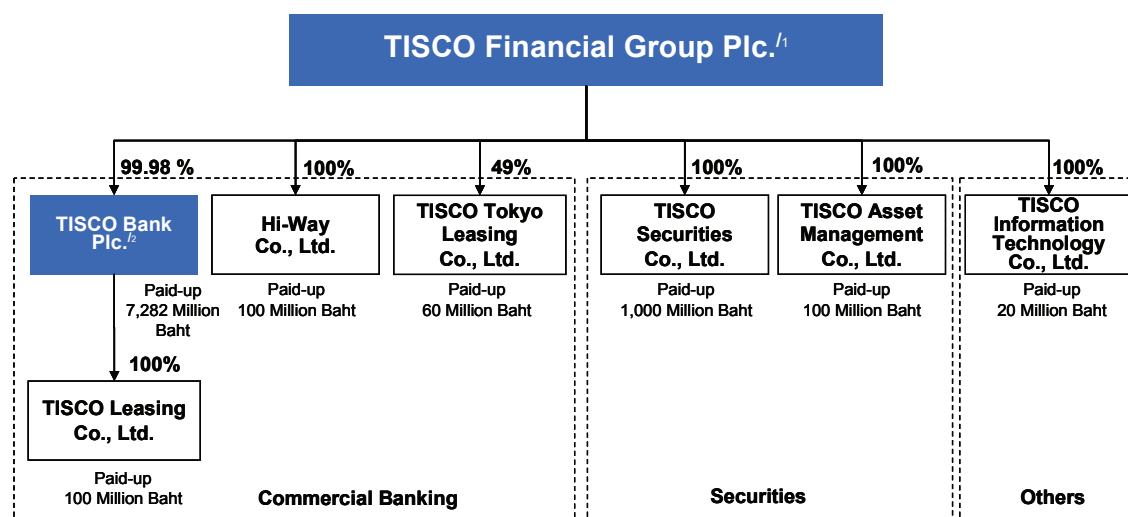
3.1 History and major developments

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

In November 2009, the Company was granted approval from the Securities and Exchange Commission to offer the newly issued common shares of the Company to TISCO Bank’s shareholders. The offering of newly issued common shares of the Company has been carried out in order to achieve the objective of the Holding Company Restructuring plan of TISCO Group in which the Company acquires 100% of shares in TISCO Bank as well as protecting the benefit of the shareholders who did not swap securities into the Company’s securities. The public offering period totaled 12 months from November 25, 2009 to November 19, 2010. As of January 5, 2011, the Company held 99.98% of TISCO Bank’s total issued securities. In 2010, TISCO Leasing Co., Ltd. became one of the companies under TISCO financial group with an aim to expand retail loan business in provincial areas. TISCO Leasing Co., Ltd. provides loan against auto license, hire purchase loan, leasing for car, motorcycle as well as machinery and equipment.

3.2 Businesses of the Company and subsidiaries

As TISCO Financial Group Public Company Limited operates as shareholder in other company and no other major business, the competitive position can be categorized by business operations of its subsidiary companies which divided into 2 main businesses: commercial banking business and securities business which offer various kinds of financial services in order to satisfy customers’ need. After completion of restructuring plan, the Group’s structure as of December 31, 2010 is shown below:



¹ Listed on the Stock Exchange of Thailand

² Delisted from the Stock Exchange of Thailand

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

3.3 Revenue structure

The revenue structure of the TISCO Group is as follows.

(unit: million Baht)

	2008		2009		2010	
	Amount	%	Amount	%	Amount	%
Interest and dividend Income						
- TISCO Bank Plc.	6,817	128.3	7,768	106.3	8,773	95.9
- Hi-Way Co., Ltd.	619	11.6	521	7.1	542	5.9
- Other Subsidiaries	150	2.8	184	2.5	205	2.2
Total interest and dividend income	7,586	142.7	8,473	116.0	9,520	104.1
Total Expenses on Borrowings	(3,424)	(64.4)	(2,492)	(34.1)	(2,315)	(25.3)
Net interest and dividend income	4,162	78.3	5,981	81.9	7,205	78.8
Bad debts and doubtful accounts (Reversal)	(980)	(18.4)	(1,548)	(21.2)	(1,933)	(21.1)
Net interest and dividend income after bad debt and doubtful accounts	3,181	59.8	4,433	60.7	5,272	57.6
Non-interest Income						
- TISCO Bank Plc.	935	17.6	1,375	18.8	2,025	22.1
- TISCO Securities Co., Ltd.	588	11.1	700	9.6	1,004	11.0
- TISCO Asset Management Co., Ltd.	491	9.2	646	8.8	700	7.7
- Other Subsidiaries	120	2.3	152	2.1	147	1.6
Total Non-interest Income	2,134	40.2	2,873	39.3	3,876	42.4
Total income after bad debt and doubtful accounts	5,315	100.0	7,306	100.0	9,148	100.0

3.4 TISCO Group Business Strategy

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

Vision, and Values for business operations

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

Our Vision, "Wealth creation for all stakeholders", also represents our ultimate measure of success as a leading financial institution.

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

1. **Customer Priority** : Customers are our primary focus. Their needs are our priority. TISCO Group derives a professional and practical solution that fulfills our customers' requirements.
2. **Integrity** : Customers are assured of our unyielding commitment to ethical conduct, which is projected in all aspects of our undertakings. Dependable and constant in our actions, we endorse our values through our actions.
3. **Reliability** : We raise the quality of client relationship by infusing excellence and integrity into all our dealings. Clients are offered the knowledge base and experience of our integrated resources. The measure of client progress and satisfaction is our base for evaluation.
4. **Mastery** : Serving our customers by constantly and progressively improving our abilities through a sustained passion for knowledge. Our people are trained to demonstrate exceptional skills and show the ability to lead others.

Strategic Plan and Strategy Map

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

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

Strategic action for the organization

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

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

4. Business Operations by Area

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

Commercial banking business: TISCO group offers financial services under its Commercial Banking Business license. Banking services are offered through the TISCO Bank’s (“The Bank”) headquarters, its subsidiaries, as of December 31, 2010, the Bank has 44 branches in every regions of Thailand. The locations of bank branch by region are shown as follows;

Region	Branch
Bangkok	: Sathorn, Rattana Thibet, Srinakarin, Rangsit, New Phetchburi Road, Central World, Fashion Island, The Old Siam, Pakin Building, Central Chaeng Watthana, Rachadaphisek-Huai Khwang, Seacon Square, Yaowarat, Homework Rachapruek, Siam Paragon, Central Rama III, The Mall Bangkok, Worachak, Central Pinklao, The Mall Tapra, and Central Bangna.
Vicinity	: Nakorn Pathom and Samutsakhon
Central	: Ayutthaya, Saraburi, Chonburi, Rayong, Ratchaburi, Chantaburi and Si Racha
Northeast	: Nakorn Ratchasima, TESCO Korat, Khon Kaen, Udon Thani, Ubon Ratchathani and Surin
North	: Chiang Mai, Phitsanuloke, and Nakhon Sawan.
South	: Phuket, Songkhla, Surathani, Trang and Krabi.

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

4.1 Area of Services

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

1. Retail Banking

Retail Banking group provides 2 service types as follows:

1.1 Retail Loans

Retail loans are conducted by offering loan services to retail customers, which have specific loan purposes for either personal consumption or business operations. This segment can be classified by loan purpose as follows:

- **Hire-Purchase Financing**

Hire-purchase financing is operated by TISCO Bank Plc, TISCO Tokyo Leasing Co., Ltd. and Hi-Way Co., Ltd., allow borrowers to buy assets under hire-purchase terms. The buyer makes a down payment at the predetermined proportion of asset value and pays equal installment amounts over the contract period. The ownership of assets is then transferred to the buyer after all installments are paid. Contract periods run from 1-6 years. A fixed interest rate is charged in line with the market rate on the contract date.

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

Hire-purchase, one of the TISCO group's major businesses, has experienced continuous growth for years. As of December 31, 2010, the hire-purchase loans were 106,047.24 million baht, up from 86,596.39 million baht at the end of 2009 or 22.5% (YoY).

Table shows details of car and motorcycle hire purchase loans

Hire Purchase	December 31, 2008 (Million baht)	December 31, 2009 (Million baht)	December 31, 2010 (Million baht)	Growth rate (%)
Car	75,061.42	84,691.48	104,080.49	22.9
Motorcycle	2,225.69	1,904.91	1,966.75	3.2
Total	77,287.11	86,596.39	106,047.24	22.5

In 2010, TISCO group provided car hire purchase loan, ranked by car brands which are Toyota 24%, Isuzu 16%, Honda 15%, Mazda 14% and other brands 31% of total car hire purchase loan. The proportion of hire purchase loan between new car and used car were at 83% and 17% in 2010. In addition, the Group's strategy is to continue on expanding hire-purchase financing to benefit from strong market demand by offering a variety of high quality services, rather than low pricing. However, the interest rates charged are competitive and the maximum payment period is in compliance with the BoT rules.

• Consumer Loans

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

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

As of December 31, 2010, mortgage loans was 1,422.29 million baht, decreased by 3.6% from 1,475.83 million baht in 2009 partly due to early principal repayment and stringent credit policy.

Consumption Loans are operated by TISCO Bank, provide multipurpose lending for individuals such as personal loans, loans against car registration, loans for insurance premiums, and loans for provident fund members. The repayment periods vary from 6 to 30 months depending on cash flow and client's earning ability. The loans against car registration namely "TISCO Auto Cash", is considered a multipurpose loan for car owner who needs financing in which the loan does not require the transferring of car registration. In addition, TISCO Bank has provided TISCO Auto Cash loan more than 10 years and continually develop the product to meet customer's needs. The strengths of TISCO Auto Cash loan are convenient, speedy, and competitive interest rate when compared with general consumer loan.

As of December 31, 2010, consumption loans were 10,404.29 million baht, increased by 85.4% from 5,612.40 million baht in 2009.

Table shows details of retail loans

Retail Finance	December 31, 2008		December 31, 2009		December 31, 2010		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Hire purchase loans	77,287.11	92.4	86,596.39	92.3	106,047.24	90.0	22.5
Mortgage loans	1,706.03	2.0	1,475.83	1.6	1,422.29	1.2	(3.6)
Consumption loans	4,628.50	5.6	5,612.40	6.1	10,404.29	8.8	85.4
Total	83,621.64	100.0	93,684.62	100.0	117,873.82	100.0	25.6

Customer and Distribution Channels

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

For consumption loans which are operated by the Bank, targets existing hire-purchase clients with good performance and adequate earning ability.

1.2 Bancassurance

The Bank has been granted Insurance Broker License since 2005 from the Department of Insurance, under the Ministry of Commerce. The Bank provides insurance brokerage services for both life and non-life insurances covering various types of insurances. In order to protect risks in both life and property of customer as well as to provide full-shelved financial service for customer, TISCO Bank has partnered with strong financial stability and well-know insurance company in developing products that meet customer's needs as well as obtain highest benefit from the protection. For non-life insurance, the service includes motor insurance, fire insurance, accidental insurance, and miscellaneous insurance. For life insurance, the service includes group-life insurance, health insurance. Moreover, the Bank continued focus on Auto Loan Protection insurance (ALP) for hire purchase and loan against auto license customers. For the year 2010, in addition to causality and accidental protection, the protection coverage of ALP insurance improved by covering cost of medical treatment from the accident up to 15,000 baht/time with unlimited claims or emergency road assistant service whereby the customer can contract via hotline service over 24 hrs. As of December 31, 2010, there were more than 200,000 hire-purchase customers who held ALP insurance.

2. Corporate & SME Banking

Corporate & SME Banking group provides 5 service types as follows:

2.1 Corporate Lending

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

- **Working Capital Loans**

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

- **Project and Term Loans**

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

- **Other Commercial Loans**

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

- **Guarantee and Aval Services**

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

- **Loan Consultancy and Related Services**

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

• Custodian Service

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

2.2 SME Lending

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

As of December 31, 2010, TISCO group had a commercial lending portfolio of 22,431.58 million baht, which accounted for 15.0% of total loans. This indicated a 50.8% increase from 14,878.78 million baht at the end of 2009. SME loans had a portfolio of 9,425.41 million baht, a 101.8% increase from 4,669.58 million baht from 2009, following increasing trends in auto loans and logistic-related loans.

Type of Business	December 31, 2008		December 31, 2009		December 31, 2010		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Manufacturing and commerce	6,593.01	6.4	6,811.98	6.0	10,996.33	7.3	61.4
Real estate and construction	8,754.45	8.4	6,167.64	5.4	6,374.43	4.3	3.4
Public utilities and services	2,388.05	2.3	1,781.04	1.6	4,905.58	3.3	175.4
Agriculture and mining	101.08	0.1	118.13	0.1	155.24	0.1	31.4
Commercial Lending	17,836.58	17.2	14,878.78	13.1	22,431.58	15.0	50.8
SME Lending	1,750.50	1.7	4,669.58	4.1	9,425.41	6.3	101.8
Retail loans and other loans	84,190	81.1	93,684.62	82.7	117,873.82	78.7	25.8
Total TISCO Loan	103,777.08	100.0	113,232.98	100.0	149,730.80	100.0	32.2

Customer and Distribution Channels

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

Apart from the headquarters in Bangkok and branches upcountry, the Bank also provides its services through direct sales by marketing officers and client visits. In addition, advertising and public relations via newspapers and the Internet are deployed as alternative sale channels.

2.3 Investment Banking

TISCO Securities Co., Ltd. is an leader in investment banking service with a long-established reputation more than 30 years in providing the best services to both with corporate and government-related clients. With high caliber and highly experienced professionals, TISCO Securities Co., Ltd. is specialized in many industries such as oil & gas, power, telecommunications, banking, transportation, health care, media and entertainment, and manufacturing together with a wealth of experience in equity and debt markets, both domestically and internationally. TISCO Securities Co., Ltd. has been approved by the SEC to provide financial advisory services and granted an underwriting license from the Ministry of Finance. The full range of financial advisory and underwriting services are covering various types of instrument including equity, debt, and convertible instruments. Moreover, TISCO Securities Co., Ltd. also provides financial advisory service for merger & acquisition, privatization advisory and implementation, project financing, debt restructuring, feasibility study, project valuation, and general advisory, etc.

Furthermore, TISCO Securities Co., Ltd. has also provided financial advisory service of Clean Development Mechanism (CDM) to facilitate carbon credit business, which involves the right of carbon emission trading. TISCO Securities Co., Ltd. provides full range of services in Certified Emission Reductions (CERs) brokerage service, working with organization that would like to maximize value of CERs starting from project management, project approval, and project financing.

For the highlighted projects for the year 2010, TISCO performed as financial advisor to Financial Institutions Development Fund (FIDF) for the divestment of 47.6% stake in Siam City Bank Plc. with the value of 32,673 million baht. The

project was considered as the largest cash dispositions transaction of commercial bank in Thailand. Moreover, TISCO performed as the lead underwriter for the initial public offering of Gunkul Engineering Plc. and performed as underwriter for the debenture offering of 2 companies, namely Quality House Plc. and TISCO Bank Plc.

2.4 Institutional Brokerage

TISCO Securities Co., Ltd., as a member number two on the SET, offers brokerage services to institutional clients through head office in Bangkok. TISCO Securities Co., Ltd.'s market share by institution customer as of December 31, 2010 was 3.2%, from domestic 3.8% and foreign 2.6%, which was the same level as in from 2009. However, its strategy aims at expanding the market aggressively by brought leading corporation's representatives to meet with world-wide investors. In addition, TISCO Securities Co., Ltd. continuously produces high-quality and broadly-accepted research paper for general investors.

Table shows information on TISCO securities business

(Unit: Million baht)

Information of TISCO Securities Business	2008	2009	2010
Trading values categorized by Institutions	118,765.66	111,572.80	171,117.30
- Domestic	55,192.13	59,270.90	104,749.29
- Foreign	63,573.53	52,301.90	66,368.31
Trading values classified by types of transactions			
- Cash Account			
Place orders via internet	2,764.49	1,756.35	1,337.44
Place orders via marketers	116,001.17	109,816.45	169,779.86
Market Share – Company^{/1}	2.7	2.5	2.4
Market Share – Institutions Customer^{/1}	3.3	3.2	3.2
- Domestic Institutions	4.1	3.4	3.8
- Foreign Institutions	2.8	3.0	2.6

^{/1} SET and MAI

Source: TISCO Securities Co., Ltd.

2.5 Cash Management Services

The Bank's Cash Management Services include cash inflow and cash outflow management for corporate clients, which ultimately help increase operation efficiency and reduce operating cost for clients. Cash Management Services comprise of 3 main business areas, TISCO Collection, TISCO Payment, and TISCO Liquidity Management. Additionally, TISCO E-Cash Management was introduced to facilitate customer in performing business transaction and enquiring consolidated account information.

3. Wealth & Asset Management

Wealth & Asset Management group provides 4 service types as follows:

3.1 Private Banking

Private Banking is responsible for high networth clients who are ready to invest a minimum of 20 million baht. The services offered include bank deposits, cash management services, professional financial and investment advisory as well as fund management services.

3.2 Retail Deposit

TISCO Bank has provided variety of deposit products such as current, savings and fixed deposits along with related financial product for instance cashier cheques, personal cheques, cheques clearing and money transfers at headquarter and branches channel. In 2010, the Bank has developed deposit products in order to response customer's benefits align with their needs. This can be seen from a variety of deposit products such as "Super Savings Deposit" our highlight product, which characterized as savings account but offer interest rate as high as fixed deposit account. The customer is able to withdraw money from their super savings account without withdrawal fee via every banks' ATM. The Bank also launched "24 or 36 months Tax-Free

Saving Account” and “Friend get Friends Campaign which customer can gain extra interest rate from introduce their friend to be our customer.

TISCO Bank has expanded number of e-Money ATM (ETM) in both Bangkok and vicinity areas. Furthermore, ETM’s function was upgraded to present the real time movement of savings accounts together with detail of hire purchase contract. In 2010, the Bank offered the tax payment service through ETM system for the taxpayer who submitted tax form via the internet. This service will increase convenience of the taxpayers who use the services of the bank. In addition, the Bank has expanded new branches by focusing on community area, especially department store in order to increase service coverage. Furthermore, with an aim to improvement of customer service, the Bank introduced smart queuing system at branch channel. The smart queuing system will reduce paper process as well as customer’s transaction time. As the result, customer receives convenience and faster service at TISCO Bank.

3.3 Private Sales Brokerage

Private Sales Brokerage is operated by TISCO Securities Co., Ltd., offers brokerage services to retail clients both domestic and international through head office in Bangkok, a branch in Bangkok, namely Esplanade Center, and four branches in upcountry, namely Chiang Mai, Nakorn Pathom, Nakorn Ratchasima, and Udon Thani.

Service foundation of TISCO Securities Co., Ltd. is built on quality of service, integrity, and client satisfaction. The Company provides trading channels through the Internet, in which clients place orders themselves, and through marketing services in which investors place trading orders with their designated marketing officers.

TISCO Securities Co., Ltd.’s market share by individual customer as of December 31, 2010 remained at 1.9%, slightly declined from 2.0% in 2009. Aligning with institutional brokerage segment, the strategy for Private Sales Brokerage aims at expanding the market aggressively, and enhancing the quality of securities research. TISCO Securities Co., Ltd. regularly organizes seminars for customer to update information about financial market and capital market. For the year 2010, TISCO Securities Co., Ltd. expanded its derivatives brokerage business by providing 10 baht gold future and interest rate futures service in order to provide investment alternative and respond to customer’s needs. Moreover, TISCO introduced the employee joint investment program (EJIP) in which Charoen Pokphand Foods Plc. (CPF) has firstly jointed the program with TISCO Securities Co., Ltd. Accordingly, there were more than 2,000 employees of CPF who jointed the program. In addition, TISCO Securities Co., Ltd. was providing foreign equity trading which get well-response from the customer. In term of investor education, TISCO Securities Co., Ltd. was providing derivatives trading workshop that allows investor to trade in the simulation market. The workshop is organized on regular basis in order to prepare the investor for transaction in the derivatives exchange market.

Table shows information on TISCO securities business

(Unit: Million baht)

Information of TISCO Securities Business	2008	2009	2010
Trading values categorized by Individual Customer	89,952.90	107,806.35	162,094.05
Trading values classified by types of transactions			
- Cash Account			
Place orders via internet	28,767.74	35,005.10	57,219.20
Place orders via marketers	61,185.16	72,801.25	104,874.85
Market Share – Company¹	2.7	2.5	2.4
Market Share – Individual Customer	2.2	2.0	1.9

¹ SET and MAI

Source: TISCO Securities Co., Ltd.

3.4 Asset Management

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

• Provident funds

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

As of December 31, 2010 there were 75 provident funds with a net asset value of 77,265.69 million baht, representing 2,679 companies and 413,143 members. As of December 31, 2010, the provident funds business accounted for a market share of 13.5% putting the company in 3rd place in the overall market based on net asset value. The breakdown of TISCO Asset’s provident fund types is shown below:

(Unit : Million baht)

TISCO Asset Provident Fund	2008	2009	2010	% Growth
Single Fund	16,581.27	21,732.30	18,401.84	(15.3)
Pooled Fund	29,272.14	22,445.56	22,287.52	(0.7)
State Enterprise Fund	22,672.61	9,796.43	4,292.30	(56.2)
Master Fund	-	16,487.06	32,284.03	95.8
Total	68,526.02	70,461.35	77,265.69	9.7

• Private funds

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

As of December 31, 2010, there were 308 private funds with net asset value of 42,027.46 million baht, representing a market share of 15.2%, putting the company in 2nd place in the overall private fund market. The breakdown of TISCO Asset Management Co., Ltd.'s private fund types is shown below:

(Unit : Million baht)

TISCO Asset private fund	2008	2009	2010	% Growth
Juristic person	19,549.88	30,524.33	33,638.27	10.2
Individual	4,298.63	7,273.10	8,389.19	15.3
Total	23,848.51	37,797.42	42,027.46	11.2

• Mutual funds

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

As of December 31, 2010, mutual funds under management by the Company totaled 52 funds, with net asset value of 17,722.10 million baht, representing a market share of 1.0 %,and ranking 15th in the overall mutual fund market. The breakdown of mutual fund types at is shown below:

(Unit : Million baht)

TISCO Asset Mutual Fund	2008	2009	2010	% Growth
Open-ended fund	14,611.79	15,027.62	17,722.10	17.9
Close-ended fund	-	-	-	N.A.
Total	14,611.79	15,027.62	17,722.10	17.9

Distribution Channels

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

4. Corporate Affairs & CSR

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

- Risk Management, Planning & Budgeting, Corporate Accounting, Financial & Accounting System, Corporate Information Management, Customer Data Analysis
- Product and Channel Development, Productivity Improvement and Operational Risk Management
- Corporate Secretary, Legal Office, Corporate Services, Investor Relations
- Human Resource & Organization Development
- Corporate Marketing & Communication
- Compliance & Internal Control
- Internal Audit

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

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

As of December 31, 2010, the investment portfolio of debt and equity instruments was 6,481.00 million baht, down 31.3 % from 9,437.95 million baht in 2009.

4.2 Market and Competition

4.2.1 Commercial Banking Business

- **Market**

As of December 31, 2010, there were 32 banks, composed of 17 Thai commercial banks and 15 branches of foreign banks. The conditions of deposits and loans market are detailed as follows;

Deposits

As of December 31, 2010, deposits in Thai commercial bank industry¹ was at 6,830,773 million baht, up by 5.0% from 2009 due to market interest rates increased continuously and the higher degree of deposit raising competition in order to maintain cost of capital in rising interest rate environment. At the end of 2010, average 3-month deposit interest rate at the top five large banks was at 1.13%, up from 0.71 % at the end of year 2009 following continuously increased of policy rate by the Bank of Thailand according to the economy and growing inflation.

Table showing movement of average interest rates of Thai commercial banks

(Unit: % per year)

	2008	2009	2010
Minimum Lending Rate (MLR) ¹	6.90	5.94	6.20
3-month fixed deposit rate ¹	1.58	0.71	1.13

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

In 2010, the Bank's deposit² was 121,122.12 million baht, up by 13.1% (YoY), composed of 48,608.75 million baht of deposits and 72,513.37 million baht of short-term borrowings.

Loans

As of December 31, 2010, loan in commercial bank industry was 6,504,410 million baht, up by 12.4% (YoY) following domestic economic growth. The Bank's loan was 145,188.55 million baht, up by 33.1% (YoY). At the end of 2010, the average MLR at the top five large banks was at 6.20% increased from 5.94 % at the end of year 2009.

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

² Deposit includes the short-term borrowings

Table showing comparison of assets, deposits and loans as of December 31, 2010

(Unit: Million baht)

Commercial Banks	Assets	Market Share (%)	Deposits	Market Share (%)	Loans	Market Share (%)
1. Bangkok Bank Plc.	1,915,986	19.3	1,368,493	20.0	1,140,425	17.5
2. Krung Thai Bank Plc.	1,756,064	17.7	1,248,192	18.3	1,205,868	18.5
3. Siam Commercial Bank Plc.	1,465,949	14.7	1,090,524	16.0	1,003,483	15.4
4. Kasikorn Bank Plc.	1,454,540	14.6	1,102,229	16.1	1,032,122	15.9
5. Bank of Ayudhya Plc.	828,727	8.3	581,241	8.5	567,970	8.7
6. Thai Military Bank Plc.	589,426	5.9	413,236	6.0	342,037	5.3
7. Thanachart Bank Plc.	481,974	4.8	242,791	3.6	319,080	4.9
8. Siam City Bank Plc.	400,482	4.0	290,183	4.2	259,540	4.0
9. Standard Charter Bank(Thai) Plc.	281,071	2.8	96,239	1.4	93,062	1.4
10. UOB Bank Plc.	248,113	2.5	152,139	2.2	156,700	2.4
11. TISCO Bank Plc.	162,346	1.6	48,609	0.7	141,329	2.2
12. Kiatnakin Bank Plc.	143,949	1.4	75,933	1.1	102,744	1.6
13. CIMB Thai Bank Plc.	139,210	1.4	93,944	1.4	89,729	1.4
14. ICBC (Thai) Plc.	72,221	0.7	27,020	0.4	50,322	0.8
Total	9,940,059	100.0	6,830,773	100.0	6,504,410	100.0

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

Moreover, car hire-purchase business, the major business of the Bank, expanded in line with automobile industry growth which was recovered in 2010 after the continual slowdown since 2006. For the year 2010, industry-wide new car sales was 800,357 cars, up by 45.8% (YoY). The proportion of new passenger car sales to commercial car sales in 2010 was 43.3% to 56.7%. As of December 2010, the car penetration rate of TISCO was 11.2%.

Table showing car sales in Thailand during 2006-2010

Unit : cars	2006	2007	2008	2009	2010
Passenger cars	195,458	182,767	238,990	235,169	346,644
Commercial cars	486,705	448,484	375,088	313,703	453,713
Total	682,163	631,251	614,078	548,872	800,357

Source : Automobile Institute

• Competition

Although Thai commercial banks have been affected by political conflict in the country during the first half of year 2010, they continued to grow with stability. With supporting factors from the government's economy stimulus plan, the economic recovery of trading partners and the growth of domestic consumption and investment sectors, the demand for loans has significantly increased during the year particularly in private and consumer sectors. In 2010, the competition in deposit market was more severe compared to the previous year following the growth in credit demand. Furthermore, most of commercial banks have begun to raise interest rates according to rising interest rates policy and maintain their customer base. The commercial banks also emphasized on raising funds through fixed deposit in order to lock-up low cost funding base in order to support credit expansion as well as increasing trend in interest rate policy. For commercial finance, the Bank's strategy focuses on improving loan quality and reducing NPLs by accelerating the loan restructuring process and preparing for uncertainty in the market. Amidst the high market competition, the Bank has focused on quality rather than quantity and has expanded its customer base on account of its over 40 years of business experience with efficient operations, management systems, and high quality services that can respond to varying customer needs in order to maintain long-term relationships. As of December 31, 2010, the Bank was ranked at 11th place compared with the industry. The market share of assets, deposits and loans were 1.6%, 0.7% and 2.2% respectively.

Auto hire purchase market significantly increased in 2010 resulting from the increase of domestic car sales by almost 50% from previous year following the continual domestic economic recovery. Consequently, the competition of auto hire purchase market was still in a state of intense competition. The lenders would emphasize on offering low interest rate, lower down payment proportion and longer installment period to attract the customer. In addition, the competitors in auto hire purchase can be divided into two major groups: 1) leasing companies and financial institutions and 2) subsidiary companies of car manufacturers and car dealers (captive finance company). The key market competitors are commercial banks and leasing company-owned subsidiaries of commercial bank who enjoy funding cost advantage. Amidst declining hire purchase interest rate environment for both new car and used car, some competitors include the Bank turned attention to loans against car registration which its return higher than hire purchase loan for new car.

TISCO Group (specified for TISCO Bank and credit granting companies) focuses on providing efficient and high standards of service, and maintaining long-term relationships with agents and dealers. It will decrease prices as necessary to maintain its client base. In 2010, the Bank expanded loan against car registration client while maintained used car portion in hire-purchase portfolio in order to increase average portfolio yield. Furthermore, TISCO has also gained competitive advantage after becoming the key strategic partner with car manufacturers and car dealers of Ford, Mazda, Volvo, and Chevrolet. In addition, TISCO is highly confident that it can maintain its status as one of the top three in the market given the long-term experience of TISCO group, good connections with dealers, effective cost and risk management and an extensive customer database.

4.2.2 Securities Business

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

- **Market**

In 2010, there are 41 companies who have been granted to operate brokerage business service and 75 companies who have been granted to operate financial advisory service from the Securities Exchange Commission. In 2010, SET Index increased from 734.54 points at the end of 2009 to 1,032.76 points with average daily turnover increased from 17,853.82 million baht to 28,668.97 million baht driven by ongoing global economic recovery and massive foreign capital inflow. In primary market, there were 11 newly listed companies in SET and MAI markets, increased from 18 newly listed companies in 2009. The total offering size of newly listed securities was 6,716.56 million baht, increased from 6,168.62 million baht in 2009. The increasing in amount of newly listed companies in SET and MAI compared with the previous year due to ongoing recovery of domestic economic condition and investor's confidence.

Table showing stock market conditions

	2008	2009	2010
SET index (points)	449.96	734.54	1,032.76
Market capitalization (million baht)	3,568,223	5,873,101	8,334,684
Trading value (million baht)	3,919,874	4,338,479	6,937,890
Average daily turnover (million baht)	15,870	17,854	28,669
Dividend payout ratio (%)	6.57	3.65	2.92
Price to earnings ratio (times)	7.01	25.56	15.35
Number of listed companies on the SET	476	475	475

Source: The Stock Exchange of Thailand

- **Competition**

Due to a lot of players in the market, the competition among companies is intense in order to maintain and expand its market share. Also, there are merger & acquisition between brokerage company in preparation to the securities business liberalization in 2012. Revenue diversification strategy through new sources of income can be seen including cross-border business activity to expand investment banking business, exclusive partnership with international brokers in order to increase market share in foreign institution sector, and new service expansion such as derivatives business, selling agent business, etc. Furthermore, several securities companies extensively operated their own proprietary trading to increase trading income. Going forward, the competitive pressure will be significantly increased led by commission fee liberalization in which sliding scale commission fee will be applied to individual investor while freely negotiated commission fee will be applied to institutional client. In addition, TISCO Securities Co., Ltd. has no price cutting policy for commission fee. However, TISCO Securities Co., Ltd. focuses on fundamental investors rather than speculative investors, quality of research article, and developing other services as an alternative for the investor. For year 2010, TISCO Securities Co., Ltd. was a pioneer in launching customer royalty program namely "TISCO Smart Point" which was a tool to manage long-term relationship with customer. In addition, TISCO Securities Co., Ltd. accounted for a market share of 2.37%, ranking 15th place among 35 securities companies¹ at the end of 2010.

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

¹ Source: SET SMART

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

• Market

For the asset management industry, there are around 30 players including asset management companies, commercial banks, securities companies, and insurance companies. The asset management market as of December 31, 2010 recorded net asset value of mutual funds increased by 11.5% (YoY) totaling 1,868,510 million baht. Private funds increased by 28.1% (YoY), totaling 277,220 million baht, and provident funds increased by 11.6 % (YoY), totaling 574,075 million baht. The details of asset management market at year-end for 2008 to 2010 are shown as follows:

(Unit : Million baht)

Funds	2008	2009	2010
Provident Funds	465,296	514,237	574,075
Private Funds	168,278	216,501	277,220
Mutual Funds	1,358,674	1,676,301	1,868,510

Source: Association of Investment Management Companies

• Competition

Overall asset management industry competition was relatively intense in all kinds of business. The industry growth was driven by positive factors including domestic economic recovery and capital market upturn. These factors favorably affected to asset management business in which much more capital flow in mutual fund business.

In provident fund business sector, the competition remained intense driven by price cutting strategy of large competitors in order to gain market share. However, TISCO Asset Co., Ltd. has continued to maintain the market share by receiving trusted from leading corporate such as CIMB Bank Plc., Capital Nomura Securities Co., Ltd., Star Petroleum Refining Co., Ltd., Metrosystem Plc., Italthai Plc., Aeon Thana Sinsap (Thailand) Plc., Navakij Insurance Plc. and Shin Corporation Plc. Furthermore, the successful establishment of Master Pooled Fund in Thailand since 2009, which increases opportunity to create wealth for the fund members, has responded to the customer's demand of various investment styles whereby each fund member can mix the different investment policy. As the result, the size of TISCO's Master Pooled Fund increased more than 30,000 million baht within 1 year. Moreover, TISCO Asset Management Co., Ltd. emphasizes on maximizing returns at the appropriate risk level according to customers' risk appetite for each client type.

In mutual fund business sector, the industry remained intensify in all type of funds. For the fixed-income fund business, the issuance of fixed income fund was slowdown across the industry due to the return of domestic bond was relatively low. Meanwhile, the investment in foreign bond with hedging in exchange rate risk such as Korean Government Bond fund, which its return started to decline resulting in lower investment attraction. For the equity fund business, the rapidly increase in domestic stock price affected the investor to gradually sold the equity mutual fund in order to reduce their risk despite the economic fundamental remained sound. However, RMF and LTF which provided tax deductible incentive remained favorable.

TISCO Asset Management Co., Ltd. has positive view to global economic recovery especially in emerging market i.e. Asia Pacific and Latin American. Thus, TISCO Asset Management Co., Ltd. regularly launched equity mutual funds reflecting the leader position in foreign mutual fund. To provide foreign mutual fund in key regions that covered the variety of customer's need, the newly issued funds in 2010 were TISCO Latin American fund, TISCO Asia Leader Trigger 15% fund, TISCO China Trigger 15% fund and TISCO China H-share Equity fund, etc. Furthermore, TISCO Asset Management Co., Ltd. showed remarkable performance in 2010 by received honorable awards such as Lipper Awards "Thailand Best Equity Fund Group" for the asset management company that have consistently excelled in equity fund performance over the three-year period as well as SET Award, category "Best Asset Management Company" which is an award for the asset management company that have best return and good corporate governance. As of December 31, 2010, TISCO Asset Management Co., Ltd. accounted for a market share of 5.0% ranked 7th place among 27 asset management companies¹. Details of market share and market position compared with peers are shown as follows;

¹ Source: Association of Investment Management Companies

Table showing the TISCO's asset under management by type of fund business

Funds	Net Asset Under Management (Million baht)	Market Share (%)	Market Ranking
Provident Fund	77,265.69	13.5	3/19
Private Fund	42,027.46	15.2	2/22
Mutual Fund	17,220.10	1.0	15/21
Total	137,015.24	5.0	7/27

Source: Association of Investment Management Companies

4.3 Resources

1) Source of Funds

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

(Unit : Million baht)

Source of Funds	2008	2009	2010
Deposit	58,822.61	56,808.48	48,535.60
Short-term Borrowings	41,768.42	53,698.94	75,313.44
Long-term Borrowings	4,899.30	5,429.75	15,460.40
Interbank and Money Market Items	5,727.88	6,380.22	10,842.76
Other Liabilities	3,418.89	3,968.25	6,398.11
Total Source of Funds from Liabilities	114,637.10	126,285.64	156,550.32
Capital	11,536.04	12,518.72	14,857.23
Total Source of Funds	126,173.14	138,804.35	171,407.55

As of December 31, 2010, list of assets and liabilities breakdown by term to maturity is shown in the following table:

(Unit : Million baht)

Transaction	At call	0 – 3 months	3- 12 months	1-5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
Financial assets								
Cash	903	-	-	-	-	-	-	903
Interbank and money market items	1,113	11,432	-	-	-	-	-	12,545
Investment – net	41	1,570	480	2,335	5	2,050	-	6,481
Receivable from clearing house	-	343	-	-	-	-	-	343
Loans and receivable	8,225	13,666	32,579	88,656	4,120	-	3,913	151,159
	<u>10,282</u>	<u>27,011</u>	<u>33,059</u>	<u>90,991</u>	<u>4,125</u>	<u>2,050</u>	<u>3,913</u>	<u>171,431</u>
Financial liabilities								
Deposits	32,138	12,245	3,844	309	-	-	-	48,536
Interbank and money market items	318	5,194	606	4,725	-	-	-	10,843
Liabilities payable on demand	532	-	-	-	-	-	-	532
Securities and derivative business payables	3	1,608	-	-	-	-	-	1,611
Payable to clearing house		19	-	-	-	-	-	19
Borrowings	1,494	55,346	18,474	9,460	6,000	-	-	90,774
	<u>34,485</u>	<u>74,412</u>	<u>22,924</u>	<u>14,494</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>152,315</u>
Off-balance sheet items								
Aval to bills and guarantees of loans	33	187	271	-	-	591	-	1,082
Other commitments	-	56	178	573	-	33	-	840

Details of risk of duration mismatch is described in Part 1 Section 2 : Risk Factor.

2) Lending

- **Credit granting policy**

Commercial loans

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

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

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

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

Retail loans

The hire-purchase business covers a large portion of the retail credit portfolio. TISCO Group has a policy to aggressively expand its hire-purchase business in this market with justified risk-adjusted returns. Despite the growth of automobile hire-purchase in 2009 was moderate following sluggish economy, TISCO Group has a policy to competitively expand while still maintaining good loan quality and market share.

In addition, TISCO Group has established a standard approval process for the hire-purchase portfolio by implementing a credit-scoring system which has been developed from an internal database to effectively control and shorten the loan approval process.

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

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

- **Credit Approval Limits and Authorities**

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

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

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

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

- **Credit Risk Management**

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

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

A credit grading system has been adopted in credit risk assessment for both corporate and retail credit portfolios. In accordance with the implementation of the Internal Ratings Based approach (IRB) under the new guidelines of the Basel Committee for banking supervision, historical payment information based on credit rating is being developed and tested to ensure system validity and provide more efficiency in capital utilization.

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

- **Credit Collection**

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

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

- **Debt restructuring**

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

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

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

(3) Capital Adequacy

The Group has a policy to maintain capital that is adequate to safeguard against company risks in the long run, taking into account long-term solvency within economic uncertainties and the adequacy of regulatory capital-to-risk asset ratios as required by law. Currently, the Bank of Thailand sets the capital adequacy ratio for banks registered in Thailand at 8.50%, where Tier-I Capital must be maintained at a level equal to at least 4.25% of risk assets.

The year-end Capital Adequacy Ratio for 2008 to 2010 have been maintained above the regulatory requirements with details as follows:

(Unit: Percentage)

Capital Adequacy Ratio	December 31, 2008 ¹	December 31, 2009 ²	December 31, 2010 ²	Regulatory Requirement
Tier-I Capital to Risk Assets	11.23	14.05	11.29	4.25
Total Capital to Risk Assets	11.71	16.96	15.23	8.50

¹Use calculation method under Basel II SA approach

²Use calculation method under Basel II IRB

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

(4) Liquidity Management Policy

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

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

- The Bank shall maintain liquid assets on average of no less than 6% of the total deposits and borrowings as follows: and total foreign borrowings, which shall mature within one year.
 - The sum of all types of deposits.
 - The sum of foreign borrowings which mature within one year since borrowing date and total foreign borrowings which shall repay or reclaim within one year since borrowing date, except the borrowings which complied with the guideline of the BOT.
 - The sum of borrowings which embedded derivative feature.
- The liquid assets must consist of deposits with the BOT of no less than 0.5%, unencumbered securities of no less than 4.5%, and deposits at commercial banks residing in Thailand.

(5) Asset Classification, Provisions and Write-offs

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

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

The Group has a conservative provisioning policy. As of December 31, 2010, the Group's reserves were 3,859.41 million baht, or 259.8 % of those required by the BOT. Our asset classification policies are in compliance with those set by the Bank of Thailand and the Securities and Exchange Commission as presented in Section 5 : Operating Assets item: 5.2

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

(1) Source of funds

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

(2) Credit approval and authorization

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

(3) Margin trading accounts

All clients of securities brokerages are cash accounts.

(4) Investment Policy

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

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

(5) Capital Adequacy Ability

The Net Capital Rule (NCR) ratio of TISCO Securities Co., Ltd. as of December 31, 2010 is 49.75%, well above the 7.0% regulatory requirement of the SEC.

5. Operating Assets

5.1 Major Fixed Assets

Land, premises, and equipment – Net

Land, premises, and equipment to TISCO Group as of December 31, 2008 - 2010 are as follows: These assets are free from any obligations.

(Unit: Million baht)

Type of Assets	2008	2009	2010
Land and buildings			
1. Office of TISCO Financial Group Plc. at TISCO Tower	661	697	625
2. Office for subsidiaries at TISCO Tower	546	444	419
3. Brokerage branch – Chiang Mai at Hillside Plaza & Condotel, Huay Kaew Road, Chiang Mai	3	2	2
4. Brokerage branch – Nakhon Pathom	8	8	7
Total land and buildings (net)	1,218	1,151	1,053
Office improvements	181	204	171
Office furniture and improvements	181	151	139
Others	79	52	104
Total (net)	1,659	1,558	1,467

Long-term contract

1. Contract

TISCO Group has entered into several lease agreements in respect of the lease office building and branch office, in which terms of the agreements are generally between 3 – 10 years. The details are shown in notes to financial statement item 3.25.3

2. Rental contracts between the Bank and subsidiaries

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

Type of Assets	Renter	Owner	Area (sq.m.)
TISCO Tower Office	TISCO Securities Co., Ltd	TISCO Financial Group Plc.	3,908.91
TISCO Tower Office	TISCO Information Technology Co., Ltd.	TISCO Financial Group Plc.	2,123.71
TISCO Tower Office	TISCO Bank Plc.	TISCO Financial Group Plc.	1,302.22

5.2 Loans

Classification of assets

Asset classification in TISCO group consists of loans and receivables, investments in securities and property foreclosed. Our asset classification policies are in compliance with those set by the BOT and the SEC. The details of asset classification as of December 31, 2010, are shown below:

(Unit: Million baht)

	Loans and receivables	Investments in securities	Property foreclosed	Investment in receivable	Total	%
Pass	144,486	-	-	-	144,486	93.7
Special mention	6,945	-	-	-	6,945	4.5
Substandard	933	-	-	-	933	0.6
Doubtful	359	-	-	-	359	0.2
Bad debts	1,362	69	61	23	1,515	1.0
Total	154,085	69	61	23	154,238	100.00

Provision for Loan Loss Policy

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

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

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

Under the announcement by the BOT, provisioning regulations following International Accounting Standard No.39 (IAS39) require assets classified as Substandard, Doubtful, and Doubtful to loss to set a minimum provision in accordance with a 100% of the different between asset's carrying amount and present value of estimated future cash flow or the present value of estimated future cash flow from collaterals. Meanwhile, the loan portfolio with similar credit risk profile can be set on a portfolio basis following collective approach.

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

Provision of Asset Impairment Policy

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

Policy of revenue recognition on interest income

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

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

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

5.3 Investment in Securities

Details of investment in securities are shown in Notes to Financial Statements, 3.3 Investments in securities.

Securities Investment Policy

Securities investment policy is described in Part 1 Section 4 : Business Operations by Area, item 4.3

Risk Management of Investment Portfolio

TISCO Group diversifies its investments in order to avoid high concentrations in single securities. Appropriate investment opportunities are emphasized to ensure a proper risk-return trade-off. In addition, the Group has set up an integrated risk management system to aggregate all investment risks, where the issues of capital adequacy and the prospect of risk-return from each investment are incorporated to enable timely portfolio adjustment if required. Details of risk management are listed in Part 1 Section 2: Risk Factors.

Allowance for Impairment of Securities

TISCO Group sets allowances for impairment of securities according to accounting standards. Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining earnings. Investments in available-for-sale securities, both held for short-term and long-term investment, are

determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, after which they are included in determining earnings.

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

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

5.4 Policies on investment in associates and subsidiaries

The details on investment in associates and subsidiaries are presented in Notes to Financial Statements, 3.3 Investments in securities and 3.4 Investment in subsidiary companies

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

1) Strategic Investment

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

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

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

2) Financial Investment

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

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

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

Table illustrates details of subsidiary companies

(Unit : Million baht)

Company Name	Paid up	Cost Method
	As of December 31, 2010	As of December 31, 2010
TISCO Bank Plc.	7,282	13,294
TISCO Securities Co., Ltd.	1,000	1,075
TISCO Asset Management Co., Ltd.	100	110
Hi-Way Co., Ltd.	100	273
TISCO Information Technology Co., Ltd.	20	22
TISCO Tokyo Leasing Co., Ltd.	60	73
Primus Leasing Co., Ltd. ^{/1}	3	32 ^{/2}
	-	14,879

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

^{/2} Deducted impairment in investment

6. Legal Disputes

As of December 31, 2010, the Company and its subsidiary companies had 20 unresolved cases from its regular business operations, all of them are civil cases and caused by the Banking business operation of subsidiary(TISCO Bank), involving an estimated total amount of 151.95 million baht, which was less than five percent (5%) of its shareholders' equity. Of all cases, there were 11 cases involving total amount of 6.38 million baht which were in the tribunal process and not yet reach judgment. Furthermore, there were 5 cases, with a total value of 87.37 million baht that already dismissed by the Court of First Instance and/or the Appeal Court, however, the plaintiff still appealed to the Appeal Court or Supreme (Dika) Court. There were 2 cases, with a total amount of 0.8 million baht, that TISCO Bank appealed the cases to the Court. Apart from the said case, there were 2 cases which incurred from management of debt collections for Sukhumvit Asset Management Co., Ltd., amounting 57.40 million baht in which TISCO Bank had an indemnification for any damages suffered (if any). Moreover, in June 2009, a foreign subsidiary has been sued in amounting to 46.6 million HKD (equivalent to 181 million baht as of December 31, 2010) and the case is in the tribunal process and not yet reach judgment. Additional details on legal disputes are presented in Notes to Financial Statements; 3.25.2 Litigation. The management of TISCO Group believes that neither the Company and its subsidiary companies will suffer material loss as a result of the abovementioned lawsuits. In addition, there is no claim against the Company by the directors, managements or any related persons of the Company or its subsidiary companies.

7. Capital Structure

7.1 Securities Information

7.1.1 Common Shares and Preferred Shares

Total registered and paid-up capital as of December 31, 2010

Total registered capital	:	11,002,000,000 baht
Total paid-up capital	:	7,279,120,860 baht comprised of 727,876,728 common shares and 35,358 preferred shares, both with par value of 10.00 baht per share.

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

7.1.2 Offerings of Shares and Convertible Securities to the Thai Trust Fund or NVDR

Offerings of Shares and Other Convertible Securities to the Thai Trust Fund

None

Non-Voting Depository Receipts (NVDRs)

As of December 30, 2010 Thai NVDR Co., Ltd., a subsidiary wholly owned by the SET, issued Non-Voting Depository Receipts (NVDRs) which have the Company's shares as underlying securities totaling 112,164,482 units, or 15.41% of paid-up capital, consisting of 112,142,182 common shares and 22,300 preferred shares. Although all financial benefits received by NVDR investors are similar to the benefits from the Company's shares, NVDR investors shall have no voting rights in shareholder meetings except in case of a delisting decision. Therefore, if a great number of the Company shares are sold to investors as NVDRs, the number of shares with voting rights will be lessened.

Moreover, the number of NVDRs is subject to change and is not under control by the Company. Investors can obtain records of the Company's NVDRs from the website of the SET (www.set.or.th).

7.1.3 Debentures

The Company

-None-

Subsidiary Company

As of December 31, 2010, the details of outstanding debentures of TISCO Bank Public Company Limited are as follows:

1. TISCO Bank Public Company Limited 1/2007 Tranche 2 debenture with maturity date in 2012

Type of Offering	:	Public Offering
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,000,000 units
Outstanding	:	1,000,000 units
Tenor	:	5 years
Issuing Date	:	May 24, 2007
Maturity Date	:	May 24, 2012
Security	:	None
Coupon Rate	:	Fixed rate 4.04% per annum
Payment Date	:	Every 24 th of May and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Rating	:	A(thai) from Fitch Ratings (Thailand) Limited on December 24, 2009
Debenture holder	:	
Representative	:	CIMB Thai Bank Public Company Limited
Debenture Registrar	:	TMB Bank Public Company Limited

2. TISCO Bank Public Company Limited 1/2009 subordinated debenture with maturity date in 2019 with call option

Type of Offering	:	Public Offering
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	2,000,000 units
Outstanding	:	2,000,000 units
Tenor	:	10 years
Issuing Date	:	February 17, 2009
Maturity Date	:	February 17, 2019
Security	:	None
Coupon Rate	:	(1) 5.5% per annum for Year1 st - Year3 rd , started from issuance date (2) 6.0% per annum for Year4 th - Year7 th , started from issuance date (3) 6.5% per annum for Year8 th - Year10 th , started from issuance date
Payment Date	:	Every 17 th of February, May, August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: (a) Prior to the 5 th year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or (b) On the 5 th anniversary of the issuance of the debenture or on any coupon date after the 5 th year of issuance; or (c) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of BOT after the redemption; or (e) Any cases or conditions to be specified by the Bank of Thailand in the future.
Rating	:	A-(tha) from Fitch Ratings (Thailand) Limited on December 24, 2009
Debenture holder Representative	:	TMB Bank Public Company Limited
Debenture Registrar	:	TMB Bank Public Company Limited

3. TISCO Bank Public Company Limited 2/2009 subordinated debenture with maturity date in 2019 with call option

Type of Offering	:	Public Offering
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	2,000,000 units
Outstanding	:	2,000,000 units
Tenor	:	10 years
Issuing Date	:	May 25, 2009
Maturity Date	:	May 25, 2019
Security	:	None
Coupon Rate	:	(1) 5.0% per annum for Year1 st - Year3 rd , started from issuance date (2) 5.5% per annum for Year4 th - Year7 th , started from issuance date (3) 6.0% per annum for Year8 th - Year10 th , started from issuance date
Payment Date	:	Every 25 th of February, May, August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

Call Option	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
	(a) Prior to the 5 th year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or
	(b) On the 5 th anniversary of the issuance of the debenture or on any coupon date after the 5 th year of issuance; or
	(c) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or
	(d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of BoT after the redemption; or
	(e) Any cases or conditions to be specified by the Bank of Thailand in the future.
Rating	: A-(tha) from Fitch Ratings (Thailand) Limited on December 24, 2009
Debenture holder Representative	: TMB Bank Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

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

Type of Offering	: Public Offering
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 10 years
Issuing Date	: May 17, 2010
Maturity Date	: May 17, 2020
Security	: None
Coupon Rate	: 5.0% per annum for Year1 st - Year10 th , started from issuance date
Payment Date	: Every 17 th of February, May, August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
	(a) Prior to the 5 th year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or
	(b) On the 5 th anniversary of the issuance of the debenture or on any coupon date after the 5 th year of issuance; or
	(c) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or
	(d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of BoT after the redemption; or

	(e) Any cases or conditions to be specified by the Bank of Thailand in the future.
Rating	: A-(tha) from Fitch Ratings (Thailand) Limited on April 19, 2010
Debenture holder	
Representative	: TMB Bank Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

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

Type of Offering	: Public Offering
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 10 years
Issuing Date	: December 13, 2010
Maturity Date	: December 13, 2020
Security	: None
Coupon Rate	: 4.8% per annum for Year1 st - Year10 th , started from issuance date
Payment Date	: Every 13 th of March, June, September and December of each year during the term of the debenture. The first payment will be on March 13, 2011. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: <ul style="list-style-type: none"> (a) Prior to the 5th year after the issuing date, if the issuer is informed by the Bank of Thailand that (1) This debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital of the issuer; or (2) This debenture is eligible for inclusion in Tier 2 capital but is lower than 50% of the issuer's Tier 1 capital; or (b) On the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (c) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (d) The issuer is able to acquire equivalent or excess amount of funds from other sources or the issuer's Tier 1 capital exceeds the minimum requirement of BoT after the redemption; or
	(e) Any cases or conditions to be specified by the Bank of Thailand in the future.
Rating	: A-(tha) from Fitch Ratings (Thailand) Limited on November 23, 2010
Debenture holder	
Representative	: TMB Bank Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

7.1.4 Bills of Exchange

The Company

The Company was granted approval by the Securities and Exchange Commission on July 18, 2009 to offer short-term bills of exchange to the public as detailed below :

Type of Offering	:	Public Offering
Type of securities	:	Short-Term Bills of Exchange <ol style="list-style-type: none"> 1. Type I : Non-Interest-Bearing Bill of Exchange 2. Type II : Fixed-Interest-Bearing Bill of Exchange, interest payment on maturity
Tenor	:	Up to 270 days from the issue date
Issue size	:	up to 10,000,000,000 baht
Face Value	:	Not less than 1,000,000 baht
Issuing Date	:	From March 31, 2010 to March 31, 2011
Offering price per unit	:	<ol style="list-style-type: none"> 1. For Bill of Exchange Type I : Face Value deducts the discount portion 2. For Bill of Exchange Type II: Face Value
Coupon Rate	:	<ol style="list-style-type: none"> 1. For Bill of Exchange Type I : No Coupon 2. For Bill of Exchange Type II: Fixed Coupon depending on the market condition
Coupon Payment Date	:	For Bill of Exchange Type I : No coupon payment For Bill of Exchange Type II : Payment on maturity date
Rating	:	F2(th) from Fitch Ratings (Thailand) Co., Ltd on December 21, 2010.

As of December 31, 2010, TISCO had outstanding short-term bills in forms of Fixed-Interest-Bearing Bill of Exchange worth 3,345.08 million baht with coupon rate ranging from 1.75% - 2.25% and average of 50 days to maturity.

Subsidiary Companies

As of December 31, 2010, TISCO Bank had outstanding short-term bills, all in forms of Bills of Exchange, worth 72,513.37 million baht with coupon rate ranging from 0.75% - 2.50% and average of 68 days to maturity.

As of December 31, 2010, Hi-Way Co., Ltd. had outstanding short-term bills, all in forms of Callable Bills of Exchange, worth 1,281.00 million baht with 2.50% coupon rate.

7.1.5 Major shareholder agreements regarding share issuance or the Company management

None

7.2 Shareholders

The top 10 major shareholder groups whose names appeared in the share registration book on May 11, 2010 were as follows:

Shareholder Name	Total Shareholding			
	Common Shares	Preferred Shares	Total	Percent
1 THAI NVDR CO.,LTD.	103,640,999	56,100	103,697,099	14.25
2 CDIB & PARTNERS INVESTMENT HOLDING PTE.LTD.	86,011,900	-	86,011,900	11.82
3 STATE STREET BANK AND TRUST COMPANY FOR LONDON	51,275,700	-	51,275,700	7.05
4 SATHINEE CO.,LTD.	35,893,425	-	35,893,425	4.93
5 CHASE NOMINEES LIMITED 42	35,546,756	-	35,546,756	4.88
6 BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	23,223,000	-	23,223,000	3.19
7 SOMERS (U.K.) LIMITED	19,730,500	-	19,730,500	2.71
8 CHASE NOMINEES LIMITED 1	18,334,400	-	18,334,400	2.52
9 SOCIAL SECURITY FUND (2CASES)	17,875,800	-	17,875,800	2.46
10 HSBC (SINGAPORE) NOMINEES PTE LTD	17,573,200	-	17,573,200	2.41
Total shareholdings of top 10 major shareholders	409,105,680	56,100	409,161,780	56.22
Other Minority Shareholders	318,602,604	41,458	318,644,062	43.78
TOTAL	727,708,284	97,558	727,805,842	100.00

¹ CDIB & Partners Investment Holding Pte. Ltd. is 100% owned by CDIB & Partners Investment Holding Corporation via CDIB & Partners Investment Holding (Cayman) Limited. CDIB & Partners Investment Holding Corporation incorporated in Taiwan and engages in investment activities.

By virtue of the provisions of Section 18 in conjunction with Section 55 of the Financial Institutions Business Act B.E. 2551, no person shall hold more than 10% of the total amount of shares either directly or indirectly in a parent company of the commercial bank including the number of shares held by related parties, except in the case where shareholder(s) is granted permission by the Bank of Thailand or is in line with the guidelines of the BOT. According to the request for approval to establish the financial group, an exemption was granted by the BOT on March 30, 2010 allowing CDIB & Partners Investment Holding Corporation group to hold not exceeding 86,011,900 shares of the Company's total paid-up shares until March 30, 2011. Moreover, the Company is allowed to have the number of shares held by the non-Thai shareholders up to 49% of all shares sold.

7.3 Dividend Policy

The Company

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

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

Annual dividend payment amount shall be determined by the net amount of profit from the Company's operations for the year less statutory reserves. Dividend payout ratio shall be in the range of 50% to 100% of net profit depending on the financial performances of the Company. The payout ratio may increase or decrease each year depending on business strategy, investment plan for long-term growth as well as the changes in economic and competitive environments.

The Board of Directors may from time to time pay interim dividends when they see that the Company has sufficient profit to do so, and, after the interim dividend has been paid, they shall report to shareholders in the upcoming shareholders meeting.

Subsidiary Companies

Majority of the Company's revenue come from dividend income received from subsidiary companies. It is expected that dividend payout ratio of subsidiary companies shall be not less than 50% of net profit in order that the Company shall have sufficient income to pay dividend to the Company's shareholders. The payout ratio may increase or decrease each year depending on business strategy, investment plan for long-term growth as well as the changes in economic and competitive environments.

The Board of Directors of each subsidiary company may from time to time pay interim dividends when they see that the subsidiary company has sufficient profit to do so, and, after the interim dividend has been paid, they shall report to shareholders in the upcoming shareholders meeting.

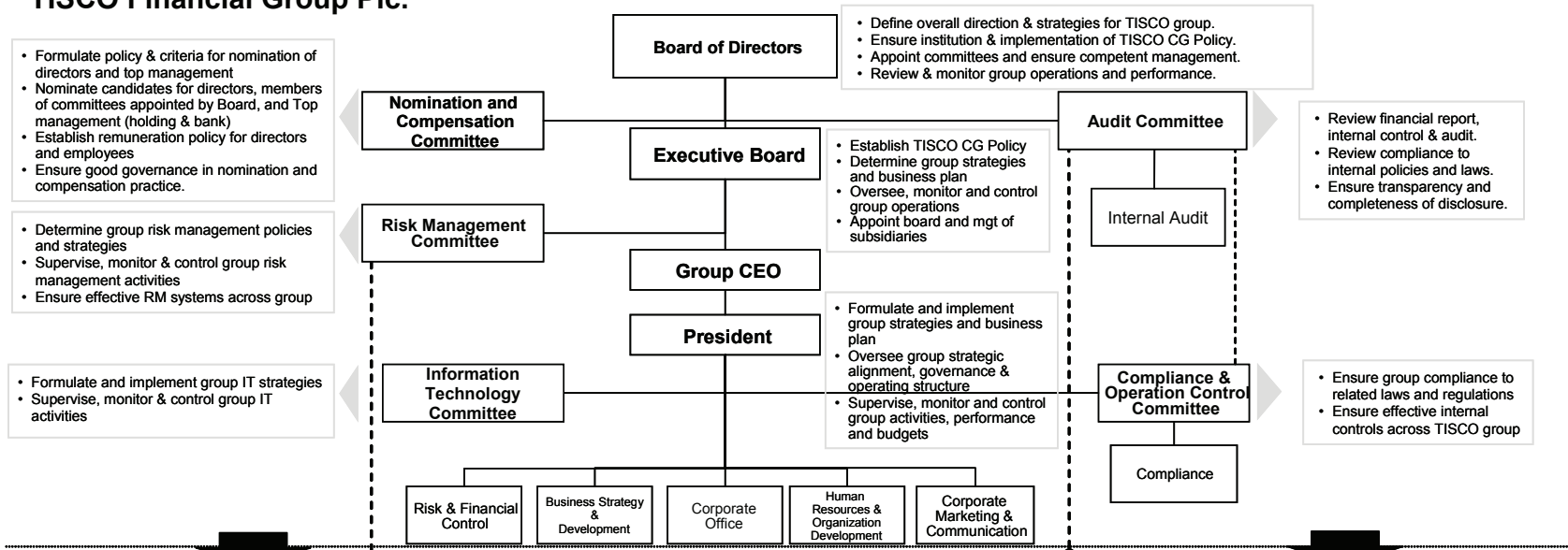
8. Management

8.1 Management Structure

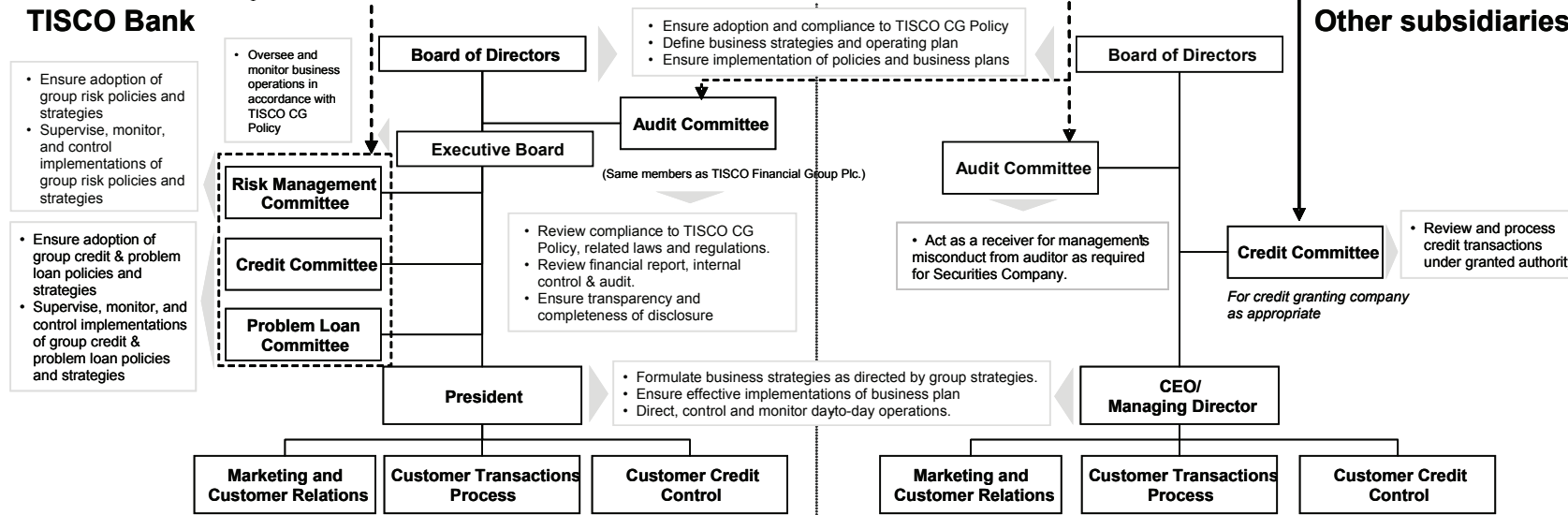
The Company, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development,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

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

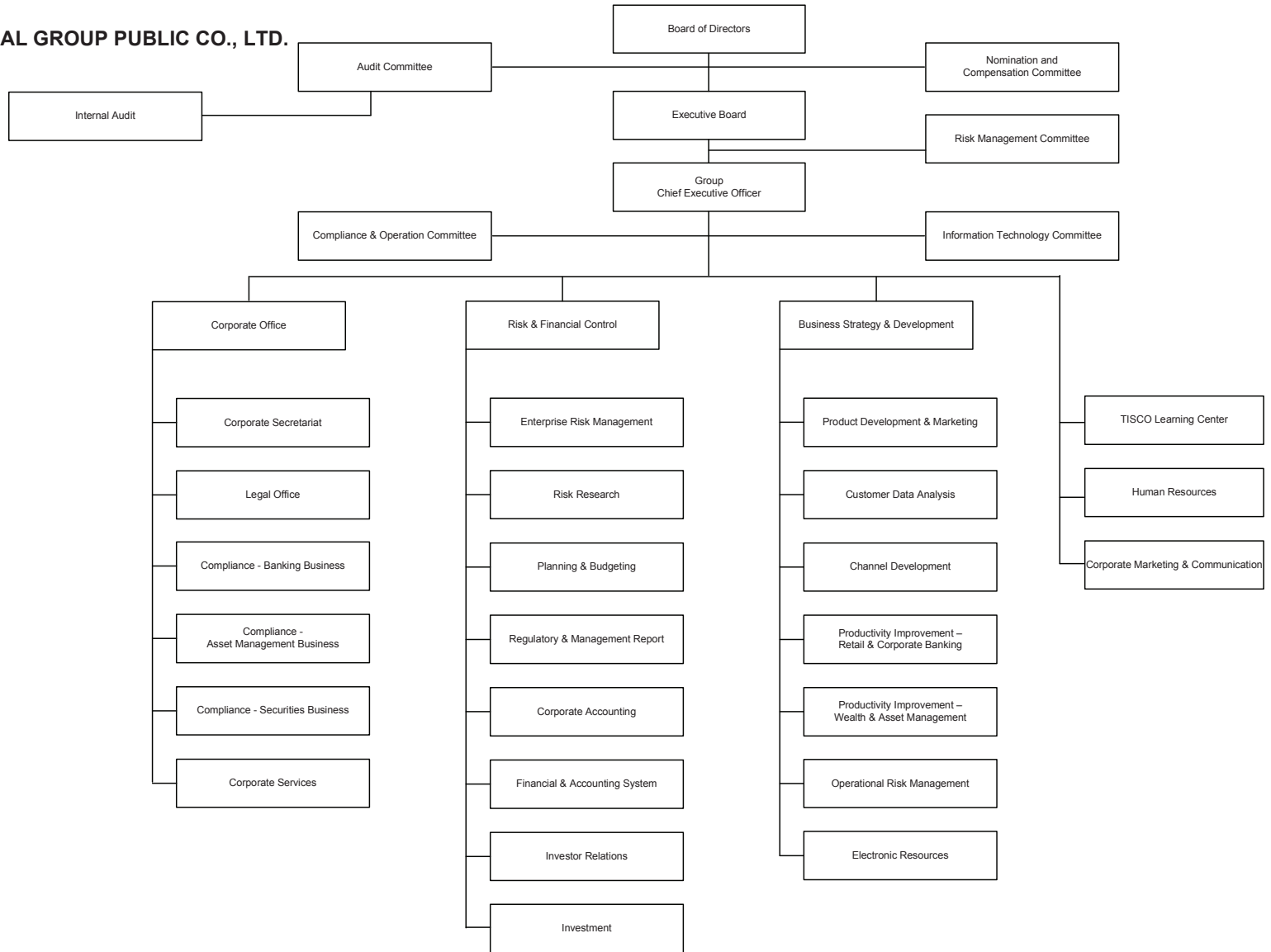
TISCO Financial Group Plc.



TISCO Bank



TISCO FINANCIAL GROUP PUBLIC CO., LTD.



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

8.1.1 Board of Directors

As of December 31, 2010, the Board of Directors consisted of 12 directors as follows:

Name	Position
1. Mr. Pliu Mangkornkanok ^{/1,2}	Chairman
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing) ^{/2}	Vice Chairman, Member of the Executive Board and Member of the Nomination and Compensation Committee
3. Ms. Oranuch Apisaksirikul ^{/2}	Director and Chairperson of the Executive Board
4. Ms. Krisna Theravuthi	Independent Director and Chairperson of the Nomination and Compensation Committee
5. Assoc. Prof. Dr. Angkarat Priebjivat	Independent Director and Chairperson of the Audit Committee
6. Ms. Panada Kanokwat	Independent Director and Member of the Audit Committee
7. Prof. Dr. Pranee Tinakorn	Independent Director and Member of the Audit Committee
8. Ms. Patareeya Benjapholchai ^{/1}	Independent Director
9. Dr. Nitus Patrayotin	Independent Director
10. Mr. Hirohiko Nomura	Director, Member of the Executive Board and Member of the Nomination and Compensation Committee
11. Mr. Danny Suen Kam Yim	Director
12. Mr. Suthas Ruangmanamongkol	Director and Member of the Executive Board

^{/1} At the Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, Dr. Phisit Pakkasem resigned from his position of Chairman of the Board and directorship of the Company, Mr. Pliu Mangkornkanok was therefore appointed to be the Chairman of the Board. Ms. Patareeya Benjapholchai was also appointed as Independent Director in replacement of Dr. Phisit Pakkasem, the Company processed for her registration to be director with the Ministry of Commerce on June 16, 2010

^{/2} In accordance with the Company's Article of Association, the whole board of directors was retired at the Shareholders Ordinary General Meeting for the Year 2010 on April 29, 2010. Consequently, all delegated committees namely Executive Board, the Audit Committee and the Nomination and Compensation Committee ("NCC"), were automatically retired. The Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, with recommendation from the NCC, reappointed all members of those three committees except Mr. Pliu Mangkornkanok whose term as Group Chief Executive Officer was ended. In addition to directorship in the Board of Directors, the Board also appointed Mr. Hon Kit Shing to be the Vice Chairman of the Board, Member of Executive Committee and Member of Nomination and Compensation Committee and Ms. Oranuch Apisaksirikul to be the Chairperson of Executive Board.

Authorized Signatory

The Company's authorized signatories are Ms. Oranuch Apisaksirikul, Mr. Hon Kit Shing (Mr. Alexander H. Shing) and Mr. Hirohiko Nomura. It is required that Ms. Oranuch Apisaksirikul singly sign with the seal of the Company affixed or two directors namely Mr. Hon Kit Shing (Mr. Alexander H. Shing) and Mr. Hirohiko Nomura jointly sign with the seal of the Company affixed.

Authority and Responsibilities of the Board of Directors:

1. Define overall direction and strategies of TISCO Group and ensure institution of TISCO Corporate Governance Policy for application across all companies in TISCO group. Under consolidated supervision framework, TISCO Corporate Governance Policy constitutes all key policies and guidelines concerning the governance and operating structure of TISCO group, business strategy, management and operations, risk and controls, human resources, finance and accounting, corporate affairs, and public and client communications. The Board shall ensure that all companies in TISCO group adopt and implements the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders.

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

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

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

Details of the Board of Directors of TISCO Bank Public Company Limited, the core company of TISCO Group, is shown in Attachment 3.

Corporate Secretary

The Board of Directors' Meeting No. 5/2010 convened on October 22, 2010 resolved to appoint Ms. Teerin Suvarnatemiya as the Corporate Secretary effective from November 1, 2010 in replacement of Ms. Pakaporn Punyashtiti, who resigned. The Corporate Secretary is responsible for preparing and maintaining director profile, notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and management's report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board.

8.1.2 Executive Board

The Executive Board members were appointed by the Board of Directors. As of December 31, 2010, the Executive Board comprised the following directors:

Name	Position
1. Ms. Oranuch Apisaksirikul ^{/1}	Chairperson of the Executive Board
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing) ^{/1}	Member of the Executive Board
3. Mr. Hirohiko Nomura	Member of the Executive Board
4. Mr. Suthas Ruangmanamongkol	Member of the Executive Board

^{/1} In accordance with the Company's Article of Association, the whole board of directors was retired at the Shareholders Ordinary General Meeting for the Year 2010 on April 29, 2010. Consequently, all delegated committees namely Executive Board, the Audit Committee and the Nomination and Compensation Committee ("NCC"), were automatically retired. The Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, with recommendation from the NCC, reappointed all members of those three committees except Mr. Pliu Mangkornkanok whose term as Group Chief Executive Officer was ended. In addition to directorship in the Board of Directors, the Board also appointed Mr. Hon Kit Shing to be the Vice Chairman of the Board, Member of Executive Committee and Member of Nomination and Compensation Committee and Ms. Oranuch Apisaksirikul to be the Chairperson of Executive Board.

Authority and responsibilities of Executive Board:

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

8.1.3 Audit Committee

The Audit Committee members were appointed by the Board of Directors. As of December 31, 2010, the Audit Committee comprised the following independent directors:

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

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

Authority and responsibilities of Audit Committee:

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

8.1.4 Nomination and Compensation Committee

The Nomination and Compensation Committee members were appointed by the Board of Directors. As of December 31, 2010 the Nomination and Compensation Committee comprised the following directors;

Name	Position
1. Ms. Krisna Theravuthi	Chairperson of the Nomination and Compensation Committee
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	Member of the Nomination and Compensation Committee
3. Mr. Hirohiko Nomura	Member of the Nomination and Compensation Committee

Authority and Responsibilities of Nomination and Compensation Committee:

1. Formulate policy, criteria, and method for nominating candidates for directors and Top Management of the Company and its subsidiaries in TISCO Group to the Board for consideration and submit the policy to regulatory parties upon request.
2. Select and nominate names of qualified candidates to the Board of Directors of the and its subsidiaries which contribute more than 25% of total revenue of TISCO Group for the following positions;
 - Directors
 - Members of committees whose functions, responsibilities and authorities are directly given by the Board of Directors
 - Top Management
3. Ensure that size and composition of the Board of Directors of the companies in TISCO Group is appropriate for the organization and the business environment. The Board should comprise members who have diversified expertise and experience.
4. Review and establish clear and transparent remuneration and benefit policy and criteria for the directors and TISCO Group's employees as proposed by the management.
5. Ensure that the Board remuneration is commensurate with their duties and responsibilities. Board members who handle the extra assignments should be compensated accordingly.
6. Devise performance assessment criteria for board members and TISCO Group's employees for annual remuneration review, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value.
7. Ensure that succession plan for Top Management of the companies in TISCO Group is properly developed to allow smooth and continuity of business operations, and that such plan is reviewed periodically.
8. Disclose the nomination policy and process in the Annual Report.
9. Disclose the remuneration policy, actual payment in various forms for directors as well as prepare and disclose the Committee's report that at least covers the objectives, activities and opinion of the Committee in the Annual Report.
10. Report activities to the Board of Directors on a regular basis.
11. Conduct the businesses as assigned by the Board of Directors in agreement of the Nomination and Compensation Committee.

Details of meeting attendance of TISCO Financial Group Public Company Limited's directors in 2010 are as follows:

Name-Surname	Time of Attendance			
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee
<i>No. of total meetings (times)</i>	6	11	12	7
1. Dr. Phisit Pakkasem ^{/1}	3 (out of 3 times)	-	-	-
2. Mr. Pliu Mangkornkanok ^{/1,2}	6	4 (out of 4 times)	-	-
3. Mr. Hon Kit Shing ^{/2,3} (Mr. Alexander H. Shing)	5	8	-	6
4. Ms. Oranuch Apisaksirikul ^{/2}	6	11	-	-
5. Ms. Krisna Theravuthi	6	-	-	7
6. Assoc. Prof. Dr. Angkarat Priebjrivat	6	-	12	-
7. Ms. Panada Kanokwat	6	-	12	-
8. Prof. Dr. Pranee Tinakorn	6	-	12	-
9. Ms. Patareeya Benjapholchai ^{/1}	3 (out of 3 times)	-	-	-
10. Dr. Nitus Patrayotin	4	-	-	-
11. Mr. Hirohiko Nomura	6	11	-	6
12. Mr. Danny Suen Kam Yim ^{/4}	5	-	-	-
13. Mr. Suthas Ruangmanamongkol	5	10	-	-

^{/1} At the Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, Dr. Phisit Pakkasem resigned from his position of Chairman of the Board and directorship of the Company, Mr. Pliu Mangkornkanok was appointed to be the Chairman of the Board. Ms. Patareeya Benjapholchai was also appointed as Independent Director in replacement of Dr. Phisit Pakkasem, the Company processed for her registration to be director with the Ministry of Commerce on June 16, 2010

^{/2} In accordance with the Company's Article of Association, the whole board of directors was retired at the Shareholders Ordinary General Meeting for the Year 2010 on April 29, 2010. Consequently, all delegated committees namely Executive Board, the Audit Committee and the Nomination and Compensation Committee ("NCC"), were automatically retired. The Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, with recommendation from the NCC, reappointed all members of those three committees except Mr. Pliu Mangkornkanok whose term as Group Chief Executive Officer was ended. In addition to directorship in the Board of Directors, the Board also appointed Mr. Hon Kit Shing to be the Vice Chairman of the Board, Member of Executive Committee and Member of Nomination and Compensation Committee and Ms. Oranuch Apisaksirikul to be the Chairperson of Executive Board.

^{/3} Mr. Hon Kit Shing (Mr. Alexander H. Shing) did not attend one Board of Directors', three Executive Board and one Nomination and Compensation Committee meetings in person but participated via conference calls

^{/4} Mr. Danny Suen Kam Yim did not attend one Board of Directors' meeting in person but participated via conference call

8.1.5 Management

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

Management Committee of the TISCO Group as of December 31, 2010 comprise of the following members:

Name	Position in the Company	Position assigned in subsidiary company
1. Ms. Oranuch Apisaksirikul ^{/1,2}	Group Chief Executive Officer	-
2. Mr. Pichai Chanvirachart ^{/4}	Advisor	-
3. Mr. Sathit Aungmanee ^{/4}	Advisor	-
4. Mr. Suthas Ruangmanamongkol ^{/1}	President	President, TISCO Bank Public Company Limited
5. Mr. Sakchai Peechapat ^{/1}	Senior Executive Vice President	Senior Executive Vice President - Retails Banking, TISCO Bank Public Company Limited
6. Mr. Pitada Vatcharasiritham ^{/1,3}	First Executive Vice President	Senior Executive Vice President - Corporate Banking ⁵ TISCO Bank Public Company Limited
7. Mr. Metha Pingsuthiwong ^{/1}	First Executive Vice President	First Executive Vice President - Banking Services ⁶ , TISCO Bank Public Company Limited
8. Ms. Araya Thirakomen ^{/1}	First Executive Vice President	President, TISCO Asset Management Company Limited
9. Mr. Paiboon Nalinthangkurn ^{/1}	First Executive Vice President	Chief Executive Officer, TISCO Securities Company Limited
10. Ms. Yutiga Sonthayanavin	Executive Vice President	Managing Director, TISCO Information Technology Company Limited
11. Mr. Chalit Silpsrikul	Executive Vice President	Executive Vice President – Retail Banking, TISCO Bank Public Company Limited
12. Mr. Chatri Chandrangam ^{/1}	Executive Vice President – Risk & Financial Control	-

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

^{/2} The Board of Directors' Meeting No. 1/2010 convened on February 26, 2010 approved the appointment of Ms. Oranuch Apisaksirikul as the successor of Mr. Pliu Mangkornkanok for TISCO Financial Group Chief Executive Officer ("Group CEO"). The appointment was in effect after the Shareholders Ordinary General Meeting for the year 2010 convened on April 29, 2010.

^{/3} Newly appointed with approval obtained from the Bank of Thailand on November 23, 2010, his employment with TISCO Group commenced from December 1, 2010 onwards.

^{/4} No longer holding the Advisor position from January 1, 2011 onwards.

^{/5} Renamed to Corporate & SME Banking

^{/6} Renamed to Wealth & Deposit Service

Authority and Responsibilities of Management Committee:

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

Authority and Responsibilities of the Group Chief Executive Officer:

1. Act as chairman of Executive Board. Determine overall direction, business strategies and managing of TISCO Group. Ensure effective implementation of corporate strategies and business plan across the group in accordance with policies and guidelines approved by the Board, as well as, related laws and regulations.
2. Oversee, supervise and monitor performance of TISCO Group's senior management to ensure effectiveness and alignment.
3. Continuously review the succession plan for Top Management of TISCO Group.

Authority and Responsibilities of Advisor:

1. Provide advices and suggestions relating to management, business operation and risk management & control system of TISCO Group.
2. Support the exploring of new business opportunity and maintain good relationship with business partners, investors and shareholders.

The Company's advisors neither are controlling persons nor manage crucial tasks in the Company.

In addition to the Management Committee of TISCO Group as of December 31, 2010, the Company's management comprised the following 29 persons;

Name-Surname	Position
1. Mr. Trin Indra-opas ^{/2}	Head Of Business Strategy & Development
2. Mr. Tharatporn Techakitkachorn	Deputy Head of Business Strategy & Development
3. Mr. Pongsupat Supasirisin	Assistant Head of Business Strategy & Development
4. Mr. Ekkapol Apinun	Assistant Head Of Corporate Office
5. Ms. Dulyarat Taveebhol	Assistant Head Of Corporate Office
6. Mr. Kontee Sunthornpradit	Head of Risk Management
7. Mr. Kittipong Tiyaboonchai	Head of Regulatory & Management Report
8. Mr. Kullachart Ekvoratham	Head of Productivity Improvement – Retails and Corporate Banking
9. Ms. Chutintorn Vigasi ^{/1}	Head of Corporate Accounting
10. Ms. Nudtinee Suwanpanitch	Head of Legal Office
11. Ms. Teerin Suvarnatemiya	Head of Corporate Secretariat
12. Mr. Noppawat Tangburanakij	Head of Channel Development
13. Ms. Narisara Tanarugsachock	Head of Customer Data Analysis
14. Ms. Nartrudee Siwabut	Head of Corporate Marketing & Communication
15. Mr. Nipon Wongchotiwat	Head of Planning & Budgeting
16. Mr. Prayuk Charocharaskul	Head of Operational Risk Management
17. Ms. Pakaporn Punyashthiti ^{/3}	Head of Corporate Secretariat
18. Mr. Pitak Lausangngam	Head of Productivity Improvement – Wealth & Asset Management
19. Mr. Pairat Srivilairit	Head of Internal Audit
20. Ms. Pattarinee Ratananakin	Head of Investor Relations
21. Mr. Puvarin Kullaphatkanon	Head of Risk Research
22. Ms. Maneerat Wattanajak	Head of Compliance & Internal Control - Asset Management
23. Mr. Watsakorn Thepthim	Head of TISCO Learning Center
24. Ms. Sasinee Phattiyakul	Head of Corporate Services
25. Mr. Siri Prasansantikul	Head of Electronic Resources
26. Ms. Sakornrat Manuwong	Head Of Compliance & Internal Control - Bank
27. Mr. Somchat Lapapong	Head of Corporate Services
28. Ms. Supaporn Aramtiantamrong	Head of Compliance and Internal Control - Securities
29. Ms. Amporn Panyadilok	Head of Human Resources

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

^{/2} Resigned from the Company with effect from February 1, 2011 onwards

^{/3} Resigned from the Company with effect from January 1, 2011 onwards

8.2 Directors and Management Selection Guidelines

8.2.1 Director Nomination

The Nomination and Compensation Committee shall, upon contemplating Company's need and good corporate governance, identify and propose qualified nominees, with knowledge, experiences, sufficient understanding of banking and finance, economics, law or any other fields deem appropriate. The Nomination and Compensation Committee shall consider the recommendation from minority shareholders on the nomination of directors or independent directors according to the Company's criteria as specified under Section 8.5

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

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

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

8.2.2 Management Selection

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

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

8.3 Qualifications of Independent Director

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

1. Holding not exceeding 0.25 per cent of the total number of voting rights of the Company, its parent company, subsidiary companies, associated companies or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary companies, associated companies, or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and son/daughter, including spouse of the son/daughter, management, major shareholders, controlling persons, or persons to be nominated as management or controlling persons of the Company or its subsidiary companies.
4. Not having any business relationship, as defined by the Capital Market Supervisory Board, with the Company, its parent company, subsidiary companies, associated companies or any juristic persons who may have a conflict of interest that could be barrier to independent judgment; or not being existing or previous major shareholder, director other than independent director or management of the stakeholders of the Company, subsidiary companies, associated companies or any juristic persons who may have a conflict of interest unless the foregoing relationship has ended not less than 2 years.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiary companies, associated companies or juristic persons who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary companies, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiary companies, associated companies or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended not less than 2 years.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary companies.
9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

8.4 Director and Management Remuneration

8.4.1 Director and Management Remuneration Policy

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

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

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

Regarding director remuneration of TISCO Group in 2010, the Company pays remunerations to the directors. Other subsidiary companies, including TISCO Bank, shall not pay any remuneration to their directors.

8.4.2 Financial Remuneration

The Company's shareholders approved at the Shareholders Ordinary General Meeting for the year 2010 to maintain current annual directors' remuneration in the form of reward, monthly fee, meeting fee and bonus at the amount of not greater than 1,200,000 baht for the Chairman of the Board, and not greater than 500,000 baht for the Board members, to be valid until amended. The Board of Directors, under the authority delegated by the shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors. Following the Board of Directors' Meeting No. 4/2010 on August 20, 2010 approved new directors' remuneration to be allocated as follows:

	<i>Monthly Fee (Baht / Month)</i>	<i>Meeting Fee (Baht / meeting)</i>
<u>Board of Directors</u>		
Chairman	1,200,000 per annum	
Ordinary Member	40,000	-
<u>Audit Committee</u>		
Chairperson	-	50,000
Ordinary Member	-	40,000
<u>Nomination and Compensation Committee</u>		
Chairperson	-	50,000
Ordinary Member	-	40,000
<u>Executive Board</u>		
Chairperson	-	40,000
Ordinary Member	-	35,000

The details of Board of Director remuneration during January 1 to December 31, 2010 are as follows:

Name of the Directors	Remuneration (Baht)							Total
	Board of Directors		Executive Board		Audit Committee		Nomination and Compensation Committee	
	Monthly Fee	Meeting Fee	Monthly Fee	Meeting Fee	Monthly Fee	Meeting Fee	Meeting Fee	
1. Dr. Phisit Pakkasem ^{/1}	360,000	45,000	-	-	-	-	-	405,000
2. Mr. Pliu Mangkornkanok ^{/1}	905,000	15,000	200,000	-	-	-	165,000	1,120,000
3. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	375,000	-	245,000	175,000	-	-	-	960,000
4. Ms. Oranuch Apisaksirikul	375,000	-	255,000	200,000	-	-	-	830,000
5. Ms. Krisna Theravuthi	375,000	-	-	-	-	-	250,000	625,000
6. Assoc. Prof. Dr. Angkarat Priebjirivat	375,000	-	-	-	350,000	250,000	-	975,000
7. Ms. Panada Kanokwat	375,000	-	-	-	280,000	200,000	-	855,000
8. Prof. Dr. Pranee Tinakorn	375,000	-	-	-	280,000	200,000	-	855,000
9. Ms. Patareeya Benjapholchai ^{/1}	250,000	-	-	-	-	-	-	250,000
10. Dr. Nitus Patrayotin	375,000	30,000	-	-	-	-	-	405,000
11. Mr. Hirohiko Nomura	375,000	-	245,000	175,000	-	-	140,000	935,000
12. Mr. Danny Suen Kam Yim	375,000	30,000	-	-	-	-	-	405,000
13. Mr. Suthas Ruangmanamongkol	375,000	-	245,000	140,000	-	-	-	760,000
Total	5,265,000	120,000	1,190,000	690,000	910,000	650,000	555,000	9,380,000

Remarks: ^{/1} At the Board of Directors' Meeting No. 3/2010 convened on June 11, 2010, Dr. Phisit Pakkasem resigned from his position of Chairman of the Board and directorship of the Company, Mr. Pliu Mangkornkanok was therefore appointed to be as Chairman of the Board. Ms. Patareeya Benjapholchai was also appointed as Independent Director in replacement of Dr. Phisit Pakkasem, the Company processed for registration of her to be director with the Ministry of Commerce on June 16, 2010

In 2010, total remuneration for the Board of Directors, the Executive Board, the Audit Committee, Management Committee (13 members) and the Management (total of 29 persons) was 237,491,681.80 baht. This was paid in the form of monthly compensation, meeting fees, provident fund, and bonuses, which varied according to TISCO Group's performance.

TISCO Bank did not pay any remuneration to its directors. In 2010, total remunerations for TISCO Bank management (total of 31 persons, excluded 5 persons which are TISCO management and seconded to manage TISCO Bank, was 101,529,738.96 baht. This was paid in form of monthly compensation, salaries, provident funds, and bonuses which varied according to TISCO Bank performance.

8.4.3 Other Remuneration

The Company also provides executive vehicle for the Chairman of the Board of Directors with full support of related expenses actually incurred including vehicle check up, maintenance, annual registration, and auto insurance.

8.5 Corporate Governance

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

TISCO Corporate Governance Policy is established to define group governance structure, code of conduct, operating structure, charters of governance bodies, as well as centralized operating policies in various areas for coherent adoption across all subsidiary companies in TISCO Group. The parent and subsidiary companies of TISCO financial group are required to strictly comply with this Corporate Governance Policy.

Corporate Governance Code of Conduct is set up to provide guiding principles of good corporate governance to the directors, management, and employees of TISCO Group in order to ensure that the Group complies with all relevant laws and regulations and carries out duties with maximum accountability, transparency, and equitable treatment to all stakeholders so as to promote managerial integrity, effectiveness, and efficiency across the group. The Corporate Governance Principle covers 5 main areas, namely, the Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board (details of Corporate Governance Code of Conduct are presented on www.tisco.co.th). In addition, TISCO Group has endorsed Operating Policies to be applied at the managerial and operational level in dealing with such matters as customer complaints, conflicts of interest, control of inside information, confidentiality, and related issues including securities trading by employees.

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

TISCO Group strictly and consistently applies good corporate governance at all levels within the organization. This commitment has yielded TISCO much recognition and honors from many institutes. TISCO's Shareholder Ordinary General Meeting for the year 2010 received an "Excellent" score from the **Ordinary General Meeting Assessment Program** conducted by the Securities and Exchange Commission in cooperation with the Thai Listed Companies Association, and the Thai Investors Association. TISCO was also among 63 listed companies, out of 476 in the program, to score full at 100 points. In addition, Thai Institute of Directors (IOD) awarded TISCO as 1 of 70 listed companies with "Excellent" corporate governance recognition level by assessing from information disclosed through the Stock Exchange of Thailand's information dissemination channel, in the 2009 Annual Report and Annual Registration Statement (Form 56-1), Notice and Minutes of Shareholder Ordinary General Meeting for year 2010, the Company's website and other Company's public documents. The Company will report the assessment result to the Audit Committee, which will further report to the Board of Directors to review IOD's recommendations to continuously develop and improve corporate governance of TISCO Group.

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

1) Rights of Shareholders

In recognition of the significance of the rights of shareholders as the real owners of the Company, TISCO is committed to ensuring their equitable treatment for all shareholders. The shareholders' basic legal rights include buying, selling, or transferring shares; receiving their rightful portion of Company profits; easily obtaining relevant and adequate information of the Company on a regular basis; attending and voting in the shareholders' meetings to elect or remove members of the Board of Directors and determining director remuneration, appointing the external auditor and determining auditing fees, and making decisions on any transactions that significantly affect the Company. TISCO also encourages shareholders to fully exercise their rights by providing them with convenient access to relevant information via its website, setting up a dedicated Investor Relations Function for direct communication with investors, inviting shareholders to propose agenda items and qualified candidates for director positions, and facilitating attendance in shareholders' meetings.

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

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

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

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

For the 2010 Annual General Meeting, TISCO invited shareholders to propose agenda and qualified candidates for director positions for the period of 1 month, from October 30, 2009 to November 30, 2009. Before mailing out the Notice, the Company posted on the Company's website to inform shareholders their rights to propose additional agenda in the annual general meeting together with related procedures, deadline for the proposal of agenda so that the Board of Directors shall consider include or not include the agenda in the Notice, and methods of proposing qualified candidates for director position to the Nomination and Compensation Committee for further recommend to the Board of Directors and propose to the shareholders at the annual general meeting. In this regard, upon the posting of information, the Company also disclosed through the Stock Exchange of Thailand's information dissemination channel.

- Notification of Meeting Details and Materials

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

For the 2010 Annual General Meeting, TISCO disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 26, 2010 and disclosed Notice of the shareholder meeting in both Thai and English languages through the Stock Exchange of Thailand's information dissemination channel and its website since March 26, 2010. The Company mailed notice and materials to shareholders since April 7, 2010.

- Meeting attendance

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

For the 2010 Annual General Meeting, the Company proposed two independent directors, Chairperson of the Audit Committee and Chairperson of the Nomination and Compensation Committee, including their profiles for shareholders to appoint as proxy. Proxy Form B which allows shareholders to indicate their voting directions was also enclosed in the Notice. In addition, shareholders can download other Proxy Forms from the Company's website.

- Shareholders' opportunity for query and comment

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

For the 2010 Annual General Meeting, 10 out of 12 directors, all of TISCO Management Committee members, and the auditors attended the meeting. In addition, representatives from the Bank of Thailand were also observed the meeting.

- Conduct of the meeting and voting

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

For the 2010 Annual General Meeting, the meeting was conducted according to the Company's Articles of Association with no additional agenda, no changes to the agenda order, or no changes in important information without prior notification to shareholders. In addition, the Company assigned Ernst & Young Office Limited to ensure that the meeting was conducted with clear and transparency and in accordance with laws and the Company's Articles of Association. There were representatives of Ernst & Young Office Limited to observe in the

registration and vote counting throughout the meeting.

2) Equitable Treatment of Shareholders

The Company treats all shareholders, majority or minority, individual or institutional, foreign or Thai, both executive and non-executive, fairly and equally. All shareholders receive important and accurate information at the same time. Apart from the Company's pledge to protect shareholders' right as described in Item 1 regarding the right to propose agenda for the annual general meeting and qualified director candidates, to propose independent directors for shareholders' proxy, to receive meeting details and documents, and to express opinion and to raise questions, the Company shall ensure that minority shareholders are able to fully exercise their rights as illustrated below;

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

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

For the 2010 Annual General Meeting held on April 29, 2010, the Company notified the shareholders' meeting resolutions through the SET's information dissemination channel within the same day of the meeting and disclosed the minutes of the meetings on May 12, 2010, in compliance with the above mentioned timeframe.

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

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

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

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

3) Role of Stakeholders

Aside from all stakeholders to conveniently deliver their suggestions, complaints, or any other important concerns directly to Independent Director or the Audit Committee. In addition, TISCO Group provides variety of channels, for instance, Customer Service Center, service counters, TISCO Group website, and TISCO dedicated functions. For example, Investor Relations Function is responsible for feedbacks from shareholders and investors community while Human Resources Function is responsible for those from employees. Moreover, Compliance Function has been assigned to receive suggestions, complaints or any other concerns related to TISCO business operation and regulatory matters. Significant issues shall be reported to the Compliance Committee for consideration. The Compliance Committee will preliminary screen the issue before reporting to the Audit Committee in case of critical corporate issues. The Audit Committee will further review, advise and report the issues and/or outcome to the Board of Directors.

4) Disclosure and Transparency

TISCO recognizes the importance of information disclosure, with respect to financial reports and non-financial information, in an accurate, complete, transparent, equitable, and timely manner, in compliance with applicable laws and regulations. The disclosure is conducted in both Thai and English, through easy access channels including the Company's website, press releases, analyst meetings, and the information dissemination channels of the Stock Exchange of Thailand and the Securities and Exchange Commission.

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

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

The Company assigned its Corporate Secretariat Function and Investor Relations Function to represent the Company in communications with shareholders, investors, analysts, credit rating agencies and related regulatory bodies. The Company's information is publicly disseminated for easy access to interested parties through various channels, including reports submitted to the SET, the SEC, and the Company's website under the topic of "Investor Relations". Furthermore, TISCO has set up numerous activities to portray or update the Company's information as well as to provide responses to inquiries from investors such as Quarterly Analyst Meetings, Press Conferences, One-on-one meetings and Meetings with investors, both local and international. The mentioned activities are also participated by senior management. In this respect, the activities arranged in 2010 were as follows;

1. 4 Quarterly Analyst Meetings and 4 general meetings with approximately 35-40 persons attended each meeting
2. 7 Press Conferences with approximately 25-30 media representatives attended each conference
3. 1 SET Opportunity Day, arranged by the Stock Exchange of Thailand, with approximately 60-65 analysts and investors attended the meeting
4. 46 One-on-One Meetings and 6 conference calls with investors and equity analysts, both local and foreign
5. Meetings with investors, both local and foreign in America, Europe and Asia including the United States, United Kingdom, Japan, Hong Kong, and Singapore. The details are as follows:
 - 5.1 1 Non-deal Roadshow with a total of 8 investors
 - 5.2 10 Investor Conferences; comprising 3 local conferences and 7 international conferences with a total of 122 investors attended.

For more information, please contact Investor Relations at:

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

Directors and management shall file with the Company a Report of their Securities Holding in the Company and Report on their Conflict of Interest as details in 5 mentioned below.

5) Responsibilities of the Board

5.1 Board Structure

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

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

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

5.2 Roles and Responsibilities of the Board

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

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

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

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

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

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

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

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

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

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

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

On the Board's role in supervising risk management, the Board ensures that management has identified potential risks and has established an adequate risk management process to assist in identification, measurement, monitoring and control of various categories of risk commonly encountered by financial institutions. It is the responsibility of the Board to approve and periodically review TISCO Group's risk management strategies that are ultimately implemented by management.

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

5.3 Other Committees

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

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

Audit Committee

The Audit Committee assists the Board to discharge its duties in connection with the financial reporting, internal control and internal audit system. The Audit Committee is directly responsible for the audit function by verifying the independence of auditors and their opinion. The Audit Committee also serves the Board in monitoring compliance with the Board's policies, and internal and statutory regulations. It should ensure that management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors. The Audit Committee has an explicit authority to investigate any matters within its duties and able to obtain outside professional advice, if necessary, at the Company's expense. Additionally, Audit Committee is responsible for the trustworthiness of financial report as well as recommendation of the auditor appointment and its audit fee.

Nomination and Compensation Committee

The Nomination and Compensation Committee is charged with the responsibility of identifying qualified candidates for directorships and executive position. The Committee ensures that only the most competent individuals, who can contribute to the institution and discharge their responsibilities in the interests of all shareholders, are appointed. The candidate shall be fit and proper for the office and shall be the best and most qualified candidate nominated for the office, taking into account the candidate's track record, age, experience, capabilities and other relevant factors. The Committee also ensures that the remuneration of directors is appropriate, with regard to their responsibilities and commitment. Directors who are assigned with extra work should receive additional compensation. In addition, the Committee reviews and recommends remuneration and benefit policy for the Board and TISCO Group's employees with clear and transparent criteria. The performance assessment criteria for Board members and TISCO Group's employees for annual remuneration review should be devised by the Committee, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value.

Executive Board

The Executive Board is authorized to act in operational matters that require in depth consideration in policy, procedural, human resources and administrative issues, which includes among other things, making recommendations to the Board on matters of budget allocation. The Executive Board also handles matters that, in ordinary circumstances would require Board review, but due to a particular circumstance needs immediate attention. This is usually relevant to urgent matters, which arise during the period between full Board Meetings. The Executive Board may also appoint and supervise other committees for specific operations in order to improve TISCO Group's efficiency. Detail of sub-committees, Risk Management Committee, Compliance Committee and Information Technology Committee, whose roles and responsibilities are described under Section 9.1.

5.4 Board of Directors' Meeting

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

During meetings, the Chairman of the Board promotes transparent consideration of each issue and allocates adequate time for the management to present issues, with adequate time set aside for directors to thoroughly discuss important matters. The Board encourages the management to attend the Board of Directors' Meeting to present additional information relevant to their responsibilities. The Company also encourages non-executive directors to hold meetings as necessary to discuss issues without

executive attendance. In 2010, there were several meetings among non-executive directors, without formal minutes taking. After the meeting, the Corporate Secretary is responsible for preparing minutes of the meeting in which all issues, contents, and opinions are properly recorded and kept for inspection.

5.5 Board Self-assessment

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

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

In 2010, the Nomination and Compensation Committee revised the self-assessment form to be in compliance with the Thai Director Association (IOD) and to be more accurate and suitable for the Company's business. The assessment divided into 6 areas: 1) Board Policy, 2) Board Performance, 3) Board Structure, 4) Board Style, 5) Board Meetings, and 6) Board Members.

5.6 Remuneration

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

5.7 Board and Management Training

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

Details of the Board of Directors and Top Management attending training programs organized by Thai Institute of Directors as of December 31, 2010 are as follows:

Name	IOD Training Program
Mr. Pliu Mangkornkanok	<ul style="list-style-type: none"> ● Chairman 2000 Program ● Directors Certification Program
Ms. Oranuch Apisaksirikul	<ul style="list-style-type: none"> ● Directors Certification Program
Ms. Krisna Theravuthi	<ul style="list-style-type: none"> ● Role of Chairman Program ● Monitoring the System of Internal Control and Risk Management ● Role of Compensation Committee ● Audit Committee Program ● Directors Certification Program ● Directors Accreditation Program ● Effective Audit Committee and Best Practices Program
Assoc. Prof. Dr. Angkarat Priebjrivat	<ul style="list-style-type: none"> ● Role of Chairman Program ● Monitoring the Internal Audit Function ● Audit Committee Program ● Directors Certification Program ● Directors Accreditation Program ● Monitoring the System of Internal Control and Risk Management

	<ul style="list-style-type: none"> Monitoring Fraud Risk Management
Ms. Panada Kanokwat	<ul style="list-style-type: none"> Directors Certification Program Directors Accreditation Program
Prof. Dr. Pranee Tinakorn	<ul style="list-style-type: none"> Directors Certification Program Directors Accreditation Program Audit Committee Program Monitoring the System of Internal Audit Function Monitoring the System of Internal Control and Risk Management Monitoring Fraud Risk Management Monitoring the Quality of Financial Reporting
Ms. Patareeya Benjapholchai	<ul style="list-style-type: none"> Directors Certification Program Financial Institutions Governance Program
Dr. Nitus Patrayotin	<ul style="list-style-type: none"> Directors Certification Program
Mr. Danny Suen Kam Yim	<ul style="list-style-type: none"> Financial Statements Demystified for Directors
Mr. Suthas Ruangmanamongkol	<ul style="list-style-type: none"> Directors Certification Program
Mr. Pichai Chanvirachart	<ul style="list-style-type: none"> Directors Certification Program
Mr. Sakchai Peechapat	<ul style="list-style-type: none"> Directors Certification Program Directors Accreditation Program
Mr. Metha Pingsuthiwong	<ul style="list-style-type: none"> Directors Certification Program
Ms. Araya Thirakomen	<ul style="list-style-type: none"> Directors Certification Program
Mr. Paiboon Nalinthrangkurn	<ul style="list-style-type: none"> Directors Certification Program

5.8 Chief Executive Officer Performance Assessment

The Board of Directors assigns the Nomination and Compensation Committee to prepare and recommend the Chief Executive Officer Performance Assessment Guidelines for the Board's approval. The Chief Executive Officer's performance shall be assessed by the Nomination and Compensation Committee on an annual basis. The Nomination and Compensation Committee then reports the assessment result to the Board Meeting. The assessment shall be divided into 2 main parts: Financial KPI and Non-Financial KPI.

5.9 Succession Planning

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

8.6 Business Ethics

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

1. Honest and fair conduct	Employees shall conduct their duties with honesty and fairness and refrain from exploiting their position for their own benefit or that of any particular group, or committing any dishonest action that may damage TISCO Bank or customers.
2. Prudence	TISCO Group shall ensure that the business has been operated with prudence and due professional care that a prudent and competent expert would exercise under a given set of circumstances. TISCO Group employees must ensure that they have operated the business with prudent business practice at all time.
3. Legal and regulatory compliance	Employees shall comply with applicable laws and regulations, and refrain from assisting others to violate any laws, regulations, or ethical principles. Employees shall make an effort to learn, understand, and monitor changes to relevant laws and regulations, as well as keep up to date with their professional code of conduct.
4. Record keeping and reporting duties	TISCO Group's financial and other record keeping must be accurate and complete. TISCO Group shall not withhold any information from appointed auditors or other supervisory agencies, and shall disclose information required to evaluate the accuracy of financial statements and the integrity of TISCO Group's operations.
5. Duty of confidentiality towards TISCO Bank and customers	Confidentiality towards TISCO Bank and customers is fundamental to TISCO Group's business operations. Financial information pertaining to the bank and customer transactions and activities is deemed confidential and shall not be exploited for any employees' own benefit, nor be disclosed to any other party.
6. Conflict of interest	Employees shall concentrate on their responsibilities to TISCO Group regardless of personal interest. Business decisions shall be made to ensure maximum benefit for TISCO Group and clients. Employees are not allowed to receive any benefits such as cash or gifts related to their involvement in situations or activities that lead or may lead to a conflict of interest between employees and TISCO Group or clients.
7. Political support	According to the rules laid down by TISCO Group, donations to political parties or political candidates including payments to government officials, is prohibited.

8.7 Control of Internal Information

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

8.8 Human Resources

As of December 31, 2010, the total number of employees at TISCO Group was 3,041 (excluding senior management) of which 2,861 were permanent employees and 180 contract staff.

Major Function	As of December 31	
	2009	2010
1. Retail Banking	1,948	1,941
2. Corporate and SME Banking	204	259
3. Wealth & Asset Management	202	274
4. Corporate Affairs & CSR	539	567
Total	2,893	3,041

At the end of 2010, the number of employees of TISCO Group was increased by 148 additional staffs (5.1% YoY). Meanwhile, TISCO Group's total employee remuneration in the form of salaries, bonuses, and provident fund contributions was

1,618,535,096.46 baht. In the last 3 years, the TISCO Group have adjusted personnel expenses to match business performance. The proportion of variable personnel expenses to total personnel expenses in 2008, 2009 and 2010 was 30%, 32% and 46% respectively.

8.8.1 TISCO Group Registered Provident Fund

TISCO Group has established a Provident Fund in accordance with Ministerial Regulation 162 (B.E. 2526). The purpose of the fund is to encourage long-term savings among employees for their retirement or in the event of their leaving the TISCO Group.

The fund, called the "TISCO Group Registered Provident Fund", as per Ministerial Regulation 162 (B.E. 2526), has been registered in compliance with the Provident Fund Act B.E. 2530 since June 21, 1990. Rules and regulations of the fund, including the rights of members for the entire duration of their membership to the fund, have been set up to comply with Provident Fund Act B.E. 2530.

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

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

Years of Service	Employer's Contribution (% of salary)
1	5
2	6
3	7
4	8
5	9
≥ 6	10

The fund is supervised by the fund committee, which is comprised of the employee's elected representatives and the employer's appointed representatives. Terms for fund committee members are valid for two years, and any individual can be re-elected or re-appointed. The fund committee is responsible for the supervision of fund management and investment policy.

After launched employee's choice for TISCO Group Provident Fund's members for years, in 2010, to broaden choices of employees for more suit their risk appetite and needs, TISCO Group Provident Fund has been transformed from 2 single funds with 2 investment policies to a master fund with 3 investment policies (sub funds) and 10 predefined investment choices. The choices consist of fixed income, mixed, equity and another 7 choices mixed between fixed income and equity with different portion. Presently, the TISCO Group Master Fund Committee allows members to switch their investment policies once year in the month of July.

As of December 31, 2010, the total fund size of "TISCO Group Registered Provident Fund" was 568,353,003.94 baht with 1,704 members.

8.8.2 General Human Resources Policies

To strengthen the group's corporate identity and brand personality in 2009, TISCO Group had established one Human Resources Policy that applies to all TISCO entities. Human Resources system and tools are developed to ensure the most effective human resource management and development. Human Resources operations are centralized for work efficiency and consistency. Meanwhile, decentralized authority and empowerment is embedded to allow business lines to execute competitive HR practices for competitive advantage in their own business environment and industry. The policy is shown as follows:

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

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

- 1 Customer Priority
- 2 Integrity
- 3 Reliability
- 4 Mastery

2. **Hiring**

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

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

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

3. **Employment at TISCO Group**

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

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

4. **Assessment and Development**

4.1 **Assessment**

Human value creation starts with the quality of the people that fit with TISCO Group's strategy, culture, technology and environment. Therefore, employee assessments shall be employed in all steps of employee movements from selection of new candidates to promotion, career development and succession planning. The Human Resources function will provide assessment tools at the corporate level, whereas business units will have the freedom to customize assessment tools under corporate HR consultation to suit each business environment while maintaining corporate standards of people quality.

4.2 **Development**

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

The Human Resources function is responsible for providing knowledge and skills development at the corporate level for corporate competitive advantage. At the Business Unit level, the Human Resources function provides consultation and advice on development methodology and techniques to maximize learning and development of human capital to add value to the business. Human Resources is also responsible for the recording of organizational knowledge and the skills inventory of all business units in TISCO Group.

5. **Career Management**

To motivate employees and build up the organization's strength, every employee has opportunities for career progression, both vertically and horizontally. TISCO Group emphasizes "**promotion from within**" for available job

positions. Should there be no best fit within the organization, hiring from outside then comes into consideration.

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

6. Performance Management

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

7. Employee Compensation and Benefits

TISCO Group recognizes that its employees are its most important resource and thus places great emphasis on their health, safety and well being TISCO Group arranges for all employees to have annual physical checkups, and has set up facilities for aerobic exercise, yoga, badminton, football, golf, and other activities, for the use of its employees. Regarding employee safety, TISCO Group provides life and travel insurance for each employee as well as arranging fire drills annually under the Workplace Safety Committee's supervision. Additionally, TISCO Group has also set up the Employee Welfare Committee to be responsible for monitoring, attending to and recommending policies regarding employee welfare.

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

TISCO Group has adopted the broad banding system specifically to facilitate the implementation of a flat organizational structure. The system is flexible so as to be able to adapt to the evolution of market conditions. The broad banding structure allows sufficient flexibility to effectively reward high professional insight and performance as well as individual potential in both generalist and specialist employees.

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

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

TISCO Group rewards employees in the following aspects:

7.1 Pay for roles and responsibilities

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

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

7.2 Pay for performance

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

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

8. Human Resources Administration

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

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

9. Succession Planning

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

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

8.8.3 Organizational Development & the Learning process

As a part of an ongoing plan towards becoming a learning organization, TISCO Group has continue to invest substantially in a program to develop all levels of personnel so that they can fully contribute to the organization and it's stakeholders. The TISCO Learning Center has been formed as a new unit dedicating to deliver training programs and roadmaps to enhance the organization competencies, including performance and competency development, productivity improvement, leadership and developmental effectiveness. In 2010, TISCO Group continued to implement various development programs as follows:

1. The Teller academy and Relationship Managers Development program

As a next step of Branded Customer Service Project, a unique Teller Academy Program has been designed to equip TISCO Bank tellers with all the necessary bank teller skills plus the awareness of risk management as well as customer services. Regular refresh courses are also administrated to ensure that desired level of expertise can be maintained.

Along with the improvement of tellers as customer service team, a dedicate and expertise team of relationship managers has been developed for all segments of customers. In addition to the widely acknowledged relationship managers for wealth clients in terms of their expertise and customer priority, an all-in-one relationship manager for retail clients is the other focus. This is to ensure that the objective of increasing share of depositors can be achieved.

2. Branded Customer Service Project

To sustain excellent service levels to clients and being a critical element to transform to fully customer centric organization, the Branded Customer Service Project was continued for the year. It includes an assortment of activities such as the Customer Service Research and Survey in order to assess the needs, expectations, and satisfaction of our customers as well as service staff. The research results are taken into consideration as the groundwork of this project to identify the standard of customer service attitudes and behaviors of all frontlines staff at all TISCO Bank branches. Customer experiences were constantly monitored to ensure that the service model designed was correctly implemented and yielded disired results.

As a part of this development plan, Performance and Competency Development Project has been implemented. Under the philosophy of Customer Centric, training and development activities aimed to enhance quality, effectiveness and risk protection. Working guidelines and procedures had developed to ensure the delivery of standard service. The target group were all employees in particular to Relationship Manager, Sales, Customer Service and Tellers.

3. Managerial Training

TISCO provided full training according to business and technical requirements, business plan, leadership, risk assessment and protection, Receiving Performance Feedback skill and etc. These programs were regularly organized .

4. TISCO Executive Trainee Development Program

In 2010, TISCO Group continued the implementation of its Executive Trainee Development Program. The participants are employees with high performance potential, as well as experienced TISCO staff with exceptional leadership qualities. Executive trainees learned all of the group's business strategies and key success factors, were given an overview of the need for good governance, and benefited from lectures aimed at sharing expertise delivered by top managers in TISCO Group, as well as some external resources. This program, which grooms fresh prospects to become exemplary "TISCO Officers" capable of becoming TISCO executives in the future, encourages staff to initiate, analyze, and be knowledgeable in all aspects of the business.

5. TISCO Culture and Value enhancement

Our mission is TISCO is a financial institution with exemplary governance. We are dedicated to creating sustainable values for our customers, shareholders, people and society. TISCO places the importance on the corporate value i.e. Mastery, Reliability, Integrity and Customer Focus. Culture and Value enhancement has been continuously designed and embedded into many trainings and activities.

9. Internal Control

9.1 Internal Control Overview

The importance of an internal control system has always been a key focus of the TISCO Group. Special emphasis is placed on the adequacy and appropriateness of the internal control system on all business operations, with the ability to protect the Group's assets from any damage or misconduct on the part of employees or management. Meanwhile, recommendations on internal controls from the independent external auditor and the BOT's auditor are seriously taken into consideration.

For all business operations, clear goals and operating guidelines have been set up in a measurable way to ensure operational efficiency. The Group also sets up training programs to increase staff knowledge and skills at many levels in order to improve efficiency and reduce operational errors. In addition, an operating compliance manual and an IT user manual have been put into place to create thorough understanding and compliance to the rules and regulations of the organization.

The Board of Directors of TISCO Financial Group oversees all of the internal control system through the Executive Board and the Audit Committee, following the governance structure in page 8-2

Under TISCO Group, corporate governance and internal controls is centralized at the parent company, TISCO Financial Group, and in compliance with the consolidated supervision principle of the Bank of Thailand with major structures as follows;

1. The Executive Board of the parent company oversees all the internal control systems of TISCO Group by taking into account of good corporate governance and consolidated supervision principle of the BOT. TISCO Financial Group as parent company has delegated sub-committees to oversee and control all specific risk areas, namely: the Risk Management Committee, the Compliance and Operation Control Committee, and the Information Technology Committee while other subsidiaries including TISCO Bank have also established sub-committees to be in line with complexity of the business involved, namely the Risk Management Committee, the Credit Committee, and the Problem Loan Committee. Effective policies and guidelines for internal controls and risk management have been set up with clearly-defined roles and responsibilities and are documented in writing.

Specific-Area Committee of TISCO Financial Group

- The Risk Management Committee is responsible for setting up effective risk management policies, guidelines and limits. The committee regularly reviews risk positions of TISCO Group to ensure comprehensive and timely risk monitoring and control. The Risk Management function supports the committee in assessing and monitoring group's risks at the portfolio level, under the guidelines and limits approved by the Risk Management Committee. It regularly reports on risk positions to the Risk Management Committee and relevant business lines, and performs risks analyses of new businesses for TISCO Group.
- The Compliance and Operation Control Committee is responsible for reviewing internal control guidelines and processes, as well as following up and detecting issues and compliance related to internal controls, to ensure that operational risks are thoroughly addressed. The Compliance and Internal Control division, which is comprised of Compliance and Internal Control functions of TISCO Bank, TISCO Securities, and TISCO Asset Management, supports the committee and is responsible for reviewing and monitoring the internal controls system at the transaction level and reporting to the Head of Compliance and Internal Control. The Head of Compliance and Internal Control regularly reviews the internal controls system of all business operations, while ensuring good compliance with the internal guidelines and related laws and regulations.
- The Information Technology Committee is responsible for setting up an effective IT technology policy and prudent operating guidelines to ensure accuracy and security of information.

Specific-Area Committee of TISCO Bank and other subsidiaries

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

2. The Audit Committee of TISCO Financial Group independently reviews the assessment of the adequacy of the TISCO Group's internal control system, as annually prepared by the Executive Board, in relation to the group's risks, and also reviews the policy and guidelines for internal audit as well as for the Compliance and Operation Control Committee and the Audit Committee of other subsidiaries to ensure that financial statement reports are transparent and accurate. The committee also effectively assesses that all business operations have adequate internal controls and are in compliance with laws and regulations, and reports the key issues to the Board of Directors of TISCO Financial Group for consideration. For other subsidiaries under the supervision of regulators, the Audit Committee, internal control and internal audit reporting process have been established in each company. Additionally, the Audit Committee of TISCO Bank has been delegated by the parent company, and is responsible for independent audit and assessment of the adequacy of the Bank's internal control system to ensure that financial statement reports of the bank are transparent and accurate. The committee also effectively assesses that all business operations have adequate internal controls and are in compliance with laws and regulations, and shall be directly reported to the Audit Committee of TISCO Financial Group, whilst internal audit and control process in other companies shall also be reported directly to the Audit Committee of TISCO Financial Group.

The Internal Audit function is responsible for regular auditing of business operations in compliance with policies and guidelines, and reporting to the Audit Committee. Internal Audit also coordinates with management and relevant business units to improve the effectiveness of internal control systems.

9.1.1 Audit Committee Report

All members of the Audit Committee attended 12 meetings in Year 2010. Major activities performed by the Committee were as follows:

- **Financial Statements:** Meeting with the external auditor on a quarterly basis to review quarterly and annual financial statements with consideration for the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before recommending to the Board of Directors. Assessing the appropriateness of reserve to prepare for the effects of fluctuations in the business cycles.
- **Internal Control and Audit:** Reviewing internal control system and internal audit works and considering all issues raised by the external auditor and internal audit department. Assessing the independence of internal audit department and approving annual audit plan, strategy, key performance indicators and the Charter of Internal Audit.
- **Regulatory Compliance:** Endorsing annual compliance plan and the Compliance Charter, and acknowledging the compliance activities. Meeting with management to acknowledge the status of regulatory compliance with all necessary rules and regulations, litigation, annual compliance reports and non-compliance issues.
- **External Auditor:** Selecting and nominating the external auditor to the Board of Directors for further recommendation to the shareholders for approval. The Committee proposed the appointment of Ms. Rungnapa Lertsuwankul of Ernst & Young Office Limited as the auditor of the Company and its subsidiaries for the Year 2010. The Committee viewed that Ernst & Young Office Limited is a qualified audit firm with good credentials and proven track records together with a reasonable audit fee.
- **Transactions with Related Parties and Conflicts of Interests:** Meeting with management and the external auditor to review and acknowledge related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations. The Committee viewed that those transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewing and assessing the management's presentation on the effectiveness of risk management system, capital adequacy, operational risk management, and fraud risk management.
- **Others:** Acknowledging the results of external assessment and examinations by related regulators such as the Bank of Thailand and the Securities and Exchange Commission-Thailand, and assessing the Company's corrective actions.

The Audit Committee performed self assessment by comparing the Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices, and opines that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee and as delegated by the Board of Directors.

The Audit Committee has agreed with the external auditor that the Company's financial statements and the disclosure of relevant information are adequate and fairly presented in accordance with generally accepted accounting principles. The Audit Committee also opines that the Company's internal control system is appropriate and efficient and the Company properly follows all necessary rules and regulations imposed by regulatory authorities. See the Report of the Audit Committee in Attachment 4.

9.2 Board of Directors' Report on Internal Control System

At the Board of Directors' Meeting No. 1/2011 on February 25, 2011, where all Audit Committee members and independent directors were present, the Board assessed the Company's internal control system, as prepared by the Executive Board and reviewed by the Audit Committee. The Board viewed that the Company's internal control system is adequate based upon the assessment of five aspects: Organizational Control and Environmental Measures, Risk Management Measures, Management Control Activities, Information and Communication Measures, and Monitoring, including sufficient internal control system for transaction with major shareholders, management and related persons, with details provided in Attachment 6.

9.3 Independent Auditor's Comment on Internal Control System

In year 2010, Ernst & Young Office Limited as independent auditor of the Company had no comments on the internal control system.

10. Related Party Transactions

In 2010, the Company had related party transactions only with its subsidiary companies. These transactions were the supporting transaction for normal business operation of TISCO Group, according to the consolidated supervision principle by the Bank of Thailand. The transactions did not incur any conflict of interests, and disclosed in the notes to financial statement item 3.23 and 4.5.

10.1 Measures or procedures for approval of related party transactions

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

10.2 Future related transaction policy

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

11. Financial Status and Performance

11.1 Financial Statements

11.1.1 Auditor's Report

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2008 and 2009

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2008 and 2009 was Mr. Supachai Phanyawattano, Certified Public Accountant (Thailand) No. 3930, of Ernst & Young Office Limited. The conclusion of his report can be described as follows:

Based on the independent auditor's audit, the financial statements presented fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2008 and 2009, the results of the operations, and cash flows in accordance with generally accepted accounting principles.

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2009 and 2010

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2009 and 2010 was Ms. Rungnapa Lertsuwankul, Certified Public Accountant (Thailand) No. 3516, of Ernst & Young Office Limited. The conclusion of his report can be described as follows:

Based on the independent auditor's audit, the financial statements presented fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2009 and 2010, the results of the operations, and cash flows in accordance with generally accepted accounting principles.

Table Depicting the Consolidated Financial Statements of the Company and its Subsidiaries
TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
BALANCE SHEETS
AS AT DECEMBER 31

	Unit: Baht		
	2008	2009	2010
ASSETS			
CASH	595,570,347	826,526,233	903,306,075
INTERBANK AND MONEY MARKET ITEMS			
Domestic			
Interest bearing	13,469,082,429	10,452,308,437	11,488,628,233
Non-interest bearing	44,195,931	2,191,309,753	999,683,327
Foreign items			
Interest bearing	77,693,216	64,626,083	57,018,254
Non-interest bearing	26	-	73,279
Total Interbank and money market items – net	13,590,971,602	12,708,244,273	12,545,403,093
INVESTMENT IN SECURITIES			
Current investment – net	2,706,174,952	2,628,124,929	2,624,873,779
Long-term investment – net	2,649,306,996	6,809,821,841	3,856,130,706
Net investments	5,355,481,948	9,437,946,770	6,481,004,485
TRADING TRANSACTIONS WITH SECURITIES COMPANIES	700	139,724,828	342,549,116
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE			
Loans and receivable	103,109,705,688	113,232,976,867	149,730,796,913
Securities business receivable	667,372,933	1,016,338,987	1,293,961,355
Total loans and receivable	103,777,078,621	114,249,315,854	151,024,758,268
Accrued interest receivable	136,704,347	116,856,703	133,878,808
Total loans, receivable and accrued interest receivable	103,913,782,968	114,366,172,557	151,158,637,076
Less : Allowance for doubtful accounts	(1,854,509,254)	(2,425,265,350)	(4,162,021,676)
Less : Allowance for loss on debt restructuring	(18,258)	(18,258)	(2,967)
Net Loans, receivable and accrued interest receivable	102,059,255,456	111,940,888,949	146,996,612,433
PROPERTY FORECLOSED – net	1,005,709,117	49,170,844	21,397,254
LAND, PREMISES AND EQUIPMENT – Net	1,658,578,523	1,558,671,038	1,466,874,240
DEFERRED TAX ASSETS	417,081,532	696,617,396	1,242,502,525
OTHER ASSETS	1,490,488,212	1,446,564,262	1,407,899,326
TOTAL ASSETS	126,173,137,437	138,804,354,593	171,407,548,547

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31

	Unit: Baht		
	2008	2009	2010
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS IN BAHT	58,822,617,507	56,808,482,590	48,535,599,021
INTERBANK AND MONEY MARKET ITEMS			
Domestic – interest bearing	5,727,882,862	6,380,215,568	10,842,764,888
LIABILITY PAYABLE ON DEMAND	496,740,597	345,170,135	532,447,850
BORROWINGS			
Short-term borrowings	41,768,420,409	53,698,938,646	75,313,442,950
Long-term borrowings	4,899,301,740	5,429,750,030	15,460,403,568
Total borrowings	46,667,722,149	59,128,688,676	90,773,846,518
TRADING TRANSACTIONS WITH SECURITIES			
COMPANIES	339,141,179	192,815,085	18,614,586
SECURITIES BUSINESS PAYABLE	292,190,840	958,531,546	1,610,686,492
ACCRUED INTEREST PAYABLE	878,535,993	263,481,507	462,130,347
OTHER LIABILITIES	1,412,268,512	2,208,252,790	3,774,231,874
TOTAL LIABILITIES	114,637,099,639	126,285,637,897	156,550,321,576

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31

	Unit: Baht		
	2008	2009	2010
SHAREHOLDERS' EQUITY			
Share capital			
Registered	11,002,010,000	11,002,010,000	11,002,000,000
Issued and paid up – Registered			
35,358 preference shares of Baht 10 each (2009: 698,558 preference shares of Baht 10 each)	-	6,985,580	353,580
727,876,728 ordinary shares of Baht 10 each (2009: 726,165,221 ordinary shares of Baht 10 each)	10,000	7,261,744,290	7,278,767,280
Issued and paid up – Awaiting to Register			
(2008: 183,427,226 Preferred shares of Baht 10 each)	1,834,272,260	-	-
(2009: 9,208 ordinary shares of Baht 10 each)	5,411,791,790	92,080	-
Share premium			
Share premium of preference shares	-	-	-
Share premium of ordinary shares	-	-	-
Adjustment from Holding Company Restructuring Plan under common control	656,755,136	672,294,885	679,266,166
Revaluation surplus (deficit) on changes in the value of investment	(398,991,796)	(37,792,840)	292,655,210
Unrealised losses on cash flow hedges	-	(21,924,048)	(6,553,855)
Translation adjustments	78,101,573	86,441,426	80,835,492
Retained earnings			
Appropriated – statutory reserve	-	119,800,000	212,600,000
Unappropriated	3,835,778,528	4,342,447,016	6,235,417,252
Equity attributable to Bank's shareholders	11,417,717,491	12,429,996,309	14,773,341,125
Minority interest - equity attributable to minority shareholders of subsidiaries	118,320,307	88,720,387	83,885,846
TOTAL SHAREHOLDERS' EQUITY	11,536,037,798	12,518,716,696	14,857,226,971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	126,173,137,437	138,804,354,593	171,407,548,547

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF EARNINGS

FOR THE YEARS ENDED 31 DECEMBER

	Unit: Baht		
	2008	2009	2010
Interest and dividend Income			
Loans	1,214,895,743	1,262,275,128	1,632,435,697
Interbank and money market items	333,885,837	150,391,904	199,482,163
Hire purchase and financial lease income	5,679,673,468	6,426,676,655	7,163,020,153
Investments	357,367,145	633,313,336	524,999,724
Total interest and dividend income	7,585,822,193	8,472,657,023	9,519,937,737
Interest expenses			
Deposit	1,789,712,880	1,098,196,246	811,560,670
Interbank and money market items	153,626,516	198,309,461	209,992,431
Short-term borrowings	1,286,199,736	915,794,785	889,981,683
Long-term borrowings	194,655,549	279,455,206	403,732,674
Total interest expenses	3,424,194,681	2,491,755,698	2,315,267,458
Net interest and dividend income	4,161,627,512	5,980,901,325	7,204,670,279
Bad debts and doubtful accounts	(980,498,975)	(1,547,877,882)	(1,933,403,407)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,181,128,537	4,433,023,443	5,271,266,872
Non-interest income			
Brokerage fees	521,211,961	546,735,454	706,283,050
Gain (loss) on investments	(218,389,416)	9,718,435	210,024,942
Gain (loss) on derivatives	(4,219,300)	(177,400)	-
Fees and service income			
Acceptances, aval and guarantees	10,201,047	9,850,231	10,428,089
Others	1,429,034,157	1,521,211,246	2,204,712,730
Gain (loss) on exchange	(11,057,779)	9,197,728	(2,267,363)
Other income	407,546,947	776,519,888	745,020,256
Total non-interest income	2,134,327,617	2,873,055,582	3,876,469,067
Total net income	5,315,456,154	7,306,079,025	9,147,735,939
Non-interest expenses			
Personnel expenses	1,662,418,691	2,054,827,100	2,760,453,179
Premises and equipment expenses	590,715,874	698,959,730	706,708,824
Taxes and duties	113,370,452	117,550,903	154,304,314
Fees and service expenses	317,017,056	334,492,576	359,172,341
Directors' remuneration	7,550,000	7,985,000	9,380,000
Other expenses	542,733,523	1,247,073,728	999,082,336
Total non-interest expenses	3,233,805,596	4,460,889,037	4,989,100,994
Earnings before income tax and minority interest	2,081,650,558	2,845,189,988	4,158,634,945
Corporate income tax	(361,039,168)	(840,440,709)	(1,256,162,798)
Earning before minority interest	1,720,611,390	2,004,749,279	2,902,472,147
Minority Interest In Net Earnings In Subsidiary Companies	(6,473,210)	(16,355,892)	(14,225,410)
Net earnings for the year	1,714,138,180	1,988,393,387	2,888,246,737
Diluted earnings per share	2.11	2.62	3.97

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

	Unit: Baht		
	2008	2009	2010
Cash flows from operating activities			
Income before corporate income tax and minority interest	2,081,650,558	2,845,189,988	4,158,634,945
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	251,295,706	316,762,346	349,872,542
Bad debt and doubtful accounts	1,513,482,986	2,083,500,371	2,585,631,197
Allowance for impairment of investments (reversal)	11,585,602	6,265,109	14,429,434
Allowance for impairment of property foreclosed	14,953,680	494,780,383	257,000
Gain (loss) on disposal of investments	115,517,328	(333,623)	(211,458,536)
Unrealised loss on exchange (reversal)	11,057,779	(9,197,728)	2,267,363
Gain (loss) on disposal of land, premises and equipment	866,719	(11,424,816)	(39,511,247)
Loss from written-off equipment	-	7,736,445	124,292
Unrealised gain from trading securities	122,595,714	(15,649,920)	(12,995,840)
Gain from disposal of property foreclosed	(34,371,263)	(179,206,965)	(205,901,888)
Increase (decrease) in other accrued income	24,098,766	(35,650,627)	(17,764,346)
Increase in accrued expenses	81,405,233	254,937,107	688,487,079
Income from operating activities before changes in operating assets and liabilities	4,194,138,808	5,757,708,070	7,312,071,995
Decrease (increase) in operating assets			
Interbank and money market items	(12,529,908,932)	1,896,213,615	162,836,129
Securities purchased under resale agreements	2,400,000,000	-	-
Investment in securities for trading	27,719,550	17,699,396	-
Receivable from clearing house	29,422,182	(139,724,128)	(202,824,288)
Loans and receivable	(19,280,238,280)	(12,598,373,351)	(38,554,491,525)
Securities and derivatives business receivables	738,283,852	(348,966,054)	(277,622,368)
Property foreclosed	1,703,167,228	2,443,709,501	1,822,781,702
Other assets	(288,448,554)	(94,501,332)	(92,649,529)

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED 31 DECEMBER

	Unit: Baht		
	2008	2009	2010
Increase (decrease) in operating liabilities			
Deposits	23,108,443,554	(2,014,134,917)	(8,272,883,569)
Interbank and money market items	(1,943,571,386)	659,457,449	4,463,970,534
Liabilities payable on demand	21,672,981	(151,570,462)	187,277,715
Borrowings	5,930,854,194	2,062,421,294	24,613,036,864
Payable to clearing house	(237,382,858)	(146,326,094)	(174,200,498)
Securities and derivative business payables	(573,998,276)	666,340,706	652,154,946
Other liabilities	21,865,822	(192,582,354)	504,530,507
	3,322,019,885	(2,182,628,661)	(7,856,011,385)
Net Interest and dividend income	(4,161,627,512)	(5,980,901,325)	(7,204,670,279)
Cash received from interest income	7,779,649,681	8,839,187,778	9,109,946,850
Cash paid for interest expense	(3,341,445,163)	(3,450,104,868)	(2,116,522,871)
Cash paid for corporate income tax	(538,866,696)	(574,730,003)	(1,556,865,587)
Net cash flows from (used in) operating activities	3,059,730,195	(3,349,177,079)	(9,624,123,272)
Cash flows from investing activities			
Cash paid for purchase of investment in securities held for investment	(11,503,235,200)	(6,530,727,692)	(5,334,274,147)
Cash received from disposal of investment in securities held for investment	9,568,282,118	8,249,823,586	8,944,429,625
Cash paid for purchase of property, plant and equipment	(261,215,672)	(179,768,206)	(196,026,716)
Cash received from sales of land, premises and equipment	6,694,651	31,189,922	77,297,454
Cash received from dividend	138,835,219	77,593,225	86,909,471
Cash received from capital return from subsidiaries	667,370,466	217,185,990	-
Cash paid in respect of capital increases and acquisition of subsidiaries	(51,871,200)	(890,321,287)	(933)
Cash paid for acquisition of the remaining shares in accordance with the Group shareholding restructuring plan	-	(1,768,289)	-
Cash received from share capital reduction of subsidiaries and capital returned from a subsidiary	-	7,185,990	-
Net cash flows from (used in) investing activities	(1,435,139,618)	763,207,249	3,578,334,754
Cash flows from financing activities			
Dividend paid	(1,489,771,452)	(1,367,827,404)	(902,479,244)
Long-term borrowings	-	518,750,030	8,090,653,538
Cash paid for redemption of long-term debenture and debt instruments	-	(331,000,000)	(3,000,000,000)
Cash received from issue of long-term debenture and debt instruments	-	4,000,000,000	2,000,000,000
Cash received from exchange of warrants to purchase preference shares	16,623,330	-	-
Net cash flows from (used in) financing activities	(1,473,148,122)	2,819,922,626	6,128,174,294
Translation adjustment	4,228,755	(2,996,910)	(5,605,934)
Net increase in cash	155,671,210	230,955,886	76,779,842
Cash at beginning of the year	439,899,137	595,570,347	826,526,233
Cash at the end of the year	595,570,347	826,526,233	903,306,075

11.1.2 Important Financial Ratios

		2008	2009	2010
Profitability Ratio				
Gross Profit Margin	(%)	60.8	73.2	78.5
Net Profit Margin	(%)	32.2	27.2	31.6
Return on Average Shareholders' Equity	(%)	14.4	16.7	21.2
Interest Income Ratio	(%)	7.0	6.4	6.2
Interest Expense Ratio	(%)	3.5	2.1	1.7
Interest Spread	(%)	3.4	4.3	4.5
Return on Investment	(%)	2.4	8.7	9.2
Efficiency Ratio				
Net Interest Income to Total Assets	(%)	3.7	4.5	4.6
Return on Average Assets	(%)	1.5	1.5	1.9
Total Asset Turnover	(times)	0.1	0.1	0.1
Financial Ratio				
Debt to Equity Ratio	(times)	9.9	10.1	10.5
Total Loans to Total Borrowing and Deposits	(%)	92.7	92.6	107.1
Total Loans to Public Borrowing	(%)	175.3	199.3	308.5
Public Borrowing to Total Liabilities	(%)	51.3	45.0	31.0
Dividend Payout Ratio	(%)	53.0	68.2	N/A
Asset Quality Ratio				
Allowance for Doubtful Account to Total Loans and accrued interest receivable	(%)	1.8	2.1	2.8
Bad Debt and Doubtful Account to Total Loans and accrued interest receivable	(%)	2.3	1.4	0.7
Non-accrued loans ¹ to Total Loans	(%)	3.7	4.0	2.8
Loan loss provision to Non-performing loans	(%)	62.1	86.4	156.8
Accrued Interest Receivable to Total Loans	(%)	0.1	0.1	0.1
Other Ratios				
Securities Business Receivables to Finance Business Loans and Receivables	(times)	0.01	0.01	0.01
Capital Funds to Risk Weighted Asset (BIS)	(%)	11.7	17.0	15.2
Net Capital Rule (TISCO Securities)	(%)	115.9	104.4	49.8

¹ according to the Bank of Thailand's definition

11.2 Explanation and Analysis of Financial Status and Performance

The Management Discussion and Analysis compares operating performance and financial position of TISCO Group for the year 2010, with TISCO Financial Group Public Company Limited as the parent company, with those of the year 2009

Movement of Money Market and Capital Market

In 2010, the domestic economy showed strong recovery resulting from the government's economic stimulus measures, expansion in export sector and continual growth in domestic consumption. The Bank of Thailand (BOT) raised the policy rate 3 times from 1.25% at the end of 2009 to 1.50% and 1.75% during the third quarter of 2010 and increased to 2.00% in the fourth quarter of 2010 driven by economic expansion and upward inflationary pressure. Meanwhile, average 3-Month fixed deposit rates of Top 5 commercial banks increased from 0.71% at the end of 2009 to 1.13 % at the end of 2010 while the average minimum lending rate of Top 5 commercial banks increased from 5.94% to 6.20% at the end of 2010.

The SET index was continually increased following domestic economic recovery as well as improved political atmosphere. The SET index improved from the last year ending at 1,032.76 points, increased by 298.22 points. In terms of the trading activity, average daily turnover dramatically increased from 17,852.52 million baht to 28,668.95 million baht driven by reviving in local investors' confidence and massive fund inflow of foreign investors.

11.2.1 Operating Results for the Year 2010

TISCO Financial Group Public Company Limited had net profit from operations on a standalone basis totaling 1,855.46 million baht, mainly contributed by dividend income and service fees from its subsidiary companies. TISCO Financial Group Public Company Limited operates a holding company with no other major business. Therefore, the analysis was based on the Company's consolidated operating performance and financial position which comprised of 2 main businesses: commercial banking business and securities business.

For the year 2010, TISCO Group had the net profit before minority interest at 2,902.47 million baht, increased by 897.72 million baht (44.8% YoY) contributed by an increase in net interest and dividend income of 20.5% following strong expansion in all loan businesses of 32.2% (YoY) together with an ability to maintain average loan spread at 5.0% which was the same level as year 2009. Non-interest income was reported at 3,876.47 million baht, increased by 1,003.41 million baht (34.9%YoY), contributed by growth in banking fee of 28.5% (YoY). Moreover, the non-interest income was also contributed by fee income from financial advisory service for the sale of the stake in Siam City Bank Plc. and the gain on properties foreclosed totaling 129.39 million baht. In addition, the brokerage income increased by 29.2% (YoY), while TISCO Group recorded gain from investment totaling 210.01 million baht following the improvement in capital market condition compared with year 2009. Meanwhile, the basic fee income from asset management business increased by 20.2% (YoY) driven by the increase in asset under management. Overall, net profit after minority interest for the year 2010 totaled 2,888.25 million baht.

Diluted earnings per share for the year 2010 were 3.97 baht compared with 2.62 baht for the year 2009. The average return on equity (ROAE) for the year 2010 was 21.2% comparing with that in 2009 of 16.7%

(1) Consolidated Revenue Structure

The Company and its subsidiaries' consolidated revenue structure in 2009 and 2010 is illustrated in Table1.

Table 1: Consolidated Revenue Structure

Type of Revenue	2009		2010		Change
	Amount (Bt. million)	%	Amount (Bt. Million)	%	% YoY
Interest and dividend income					
Interest on loans	1,262.28	14.3	1,632.44	14.7	29.3
Interest on interbank and money market items	150.39	1.7	199.48	1.8	32.6
Hire purchase and financial lease income	6,426.68	72.6	7,163.02	64.6	11.5
Investments	633.31	7.2	525.00	4.7	(17.1)
Total interest and dividend income	8,472.66	95.7	9,519.94	85.9	12.4
Interest expenses	(2,491.76)	(28.1)	(2,315.27)	(20.9)	(7.1)
Net interest and dividend income	5,980.90	67.6	7,204.67	65.0	20.5
Non-interest income					
Brokerage Fees	546.74	6.2	706.28	6.4	29.2
Gain on investment	9.54	0.1	210.02	1.9	2,101.1
Fees and services income	1,531.06	17.3	2,217.41	20.0	44.8
Others	785.72	8.9	742.77	6.7	(5.5)
Total non-interest income	2,873.06	32.4	3,876.47	35.0	34.9
Total income before bad debts and doubtful accounts	8,853.96	100.0	11,081.14	100.0	25.2
Bad debt and doubtful accounts	(1,547.88)		(1,933.40)		
Total income – net of bad debts and doubtful accounts	7,306.08		9,147.74		
Non-interest expenses	(4,460.89)		(4,989.10)		
Profit before income tax and minority interest	2,845.19		4,158.63		
Corporate income tax	(840.44)		(1,256.16)		
Profit before minority interest	2,004.75		2,902.47		
Minority interest in net earnings in subsidiary company	(16.36)		(14.23)		
Net Profit	1,988.39		2,888.25		

(2) Net Interest and Dividend Income

Net interest and dividend income during the year 2010 was 7,204.67 million baht, increased by 1,223.77 million baht (20.5% YoY), while interest and dividend income was 9,519.94 million baht, increased by 1,047.28 million baht (12.4% YoY), following strong expansion in loan portfolio. Meanwhile, interest expense decreased by 176.49 million baht (7.1% YoY), to 2,315.27 million baht, following the interest rate environment and increase in retail deposit base.

TISCO Group was able to maintain loan spread at 5.0% which was the same level as the year 2009 through its ability to manage assets and liabilities mix and strong growth in retail deposit base. TISCO Group reported net interest and dividend income before bad debts and doubtful account of 11,081.14 million baht, increased by 2,227.18 million baht (25.2% YoY), compared with 8,853.96 million baht at the end of 2009.

Table 2: Interest spread year 2009 - 2010

%	2009	2010
Yield on Loans	7.1	6.7
Cost of fund	2.1	1.7
Loan spread	5.0	5.0

(3) Non-interest Income

Non-interest income was recorded at 3,876.47 million baht, increased by 1,003.41 million baht (34.9% YoY), mainly due to an increase in non-interest income of banking business for 462.32 million baht (28.5% YoY), as contributed by loan businesses growth. Moreover, the brokerage fee income increased for 159.55 million baht (29.2% YoY) and the basic fee income from asset management business also increased by 99.99 million baht (20.2% YoY), compared with 495.43 million baht in 2009 following the increase in asset under management. In addition, TISCO group recorded significant gain from investment totaling 210.02 million baht, compared with gain on investment of 9.54 million baht in 2009.

(4) Non-interest Expenses

Non-interest expenses for this year were 4,989.10 million baht, increased by 528.21 million baht (11.8% YoY) mainly resulted from higher variable expenses associated with higher revenue. In addition, the cost-to-income ratio improved to 45.0%, compared to 45.4% in 2009.

(5) Bad Debt and Doubtful Accounts

In 2010, the asset quality significantly improved with NPL ratio decreased to 1.8%, compared to 2.5% at the end of 2009. However, to protect against future volatility and systematic risk, TISCO Group set up provision for bad debts and doubtful accounts totaling 1,933.40 million baht which accounted for 1.5% of total average loan portfolio. Consequently, TISCO Group recorded increase in general reserve of 1,622.98 million baht in 2010, compared to the reserve required according to the best estimate of expected credit losses from the portfolio over the next 12 months. At the end of 2010, TISCO Group had general reserve totaling 2,350.83 million baht.

(6) Corporate Income Tax

In 2010, the corporate income tax was 1,256.16 million baht, equivalent to the effective tax rate of 30.2%, compared to 29.5% in 2009.

11.2.2 Financial Position

(1) Assets

TISCO Group's total assets as of December 31, 2010 were 171,407.55 million baht, increased by 32,603.19 million baht (23.5% YoY) following strong loan growth from 113,232.98 million baht to 149,730.80 million baht (32.2% YoY), mainly from the strong growth in loan businesses.

Table 3: Assets Breakdown as of December 31, 2009 and 2010

Assets	December 31, 2009		December 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	826.53	0.6	903.31	0.5	9.3
Interbank and Money Market Items	12,708.24	9.2	12,545.40	7.3	(1.3)
Fixed income	3,512.55	2.5	2,800.06	1.6	(20.3)
Equity	5,925.40	4.3	3,680.94	2.1	(37.9)
Corporate Loans	14,878.78	10.7	22,431.58	13.1	50.8
SME Loans	4,669.58	3.4	9,425.41	6.8	101.8
Retail Loans	88,072.22	63.5	107,469.52	62.7	22.0
Other Loans	5,612.40	4.0	10,404.29	6.1	85.4
Allowance for doubtful accounts and for loss on debt restructuring	(2,425.28)	(1.7)	(4,162.02)	(2.4)	71.6
Other Assets	5,203.94	3.6	5,909.06	3.4	17.6
Total – The Company and Subsidiaries	138,804.36	100.0	171,407.55	100.0	23.5

(a) Investments

At the end of 2010, the investment was 6,481.00 million baht decreased by 2,956.95 million baht (31.3% YoY) partly due to a decrease in hire purchase portfolio from Primus Leasing Company Limited and GMAC (Thailand) Limited.

(b) Loans and Receivables Breakdown

At the end of 2010, total consolidated loans and receivables were 149,730.80 million Baht, up by 36,497.82 million Baht (32.2% YoY), following growth in all businesses. The composition of loan portfolio was 71.8% of retail loans, 15.0% of corporate loans, 6.3% of SME Loans and 6.9% of other loans. In addition, loans and receivables breakdown is displayed in the following table

Table 4: Loans and Receivables Breakdown as of December 31, 2009 and 2010

Type of Business	December 31, 2009		December 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and commerce	6,811.98	6.0	10,996.33	7.3	61.4
Real estate and construction	6,167.64	5.4	6,374.43	4.3	3.4
Public utilities and services	1,781.04	1.6	4,905.58	3.3	175.4
Agriculture and mining	118.13	0.1	155.24	0.1	31.4
Commercial Loans	14,878.78	13.1	22,431.58	15.0	50.8
SME Loans	4,669.58	4.1	9,425.41	6.3	101.8
Hire purchase	86,596.39	76.5	106,047.24	70.8	22.5
Housing	1,475.83	1.3	1,422.29	0.9	(3.6)
Retail Loans	88,072.22	77.8	107,469.52	71.8	22.0
Others	5,612.40	5.0	10,404.29	6.9	85.4
Total – The Company and Subsidiaries	113,232.98	100.0	149,730.80	100.0	32.2

(c) Non-performing Loans

TISCO Group has prudently managed non-performing loans (NPLs) with effective risk management tools and stringent practice of loan collection, debt restructuring and write-off process. NPL ratio was reported at 1.8% as of December 31, 2010, significantly decreased from 2.5% as of December 31, 2009. Additionally, NPL ratio of retail loan was at 1.5%, NPL ratio of corporate loan was at 2.4% and NPL of SME loans was at 0.8%. In addition, the total NPLs was 2,654.08 million baht which decreased by 5.4% YoY or 152.49 million baht during the year. (NPLs of the Bank was 2,359.00 million baht and there was NPLs of 295.08 million baht from other subsidiaries).

Table 5: NPLs Breakdown by Area as of December 31, 2009 and 2010

Type of Business	December 31, 2009			December 31, 2010			% Change
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and commerce	1.8	122.15	4.4	0.9	99.65	3.8	(18.4)
Real estate and construction	6.8	422.46	15.1	5.5	352.90	13.3	(16.5)
Public utilities and services	2.9	52.49	1.9	1.6	76.76	2.9	46.2
Agriculture and mining	2.6	3.10	0.1	4.0	6.24	0.2	101.0
Total NPL – Commercial Loans	4.0	600.21	21.4	2.4	535.55	20.2	(10.8)
NPL – SME Loans	1.6	72.65	2.6	0.8	76.64	2.9	5.5
Hire purchase	1.7	1,497.31	53.4	1.4	1,496.09	56.4	(0.1)
Housing	11.6	170.50	6.1	8.7	123.98	4.7	(27.3)
Total NPL - Retail Loans	1.9	1,667.82	59.4	1.5	1,620.07	61.0	(2.9)
Others	7.0	465.90	16.6	3.6	421.82	15.9	(9.5)
Total NPL– The Company and Subsidiaries	2.5	2,806.57	100.0	1.8	2,654.08	100.0	(5.4)

(d) Allowance for Doubtful Accounts and Losses on Debt Restructuring

TISCO Group has applied Collective Approach for loan loss provisioning to the car hire-purchase portfolio following the Basel II framework. The loan loss reserve was derived from the best estimate of expected credit losses from the portfolio over the next 12 months, based on historical loss data incorporating with adjustment for the recent market situation. As of December 31, 2010, loan loss reserve of TISCO Group was 4,162.02 million baht or 156.8% of NPLs. Total loan loss reserve of the

Bank was 3,859.41 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 1,485.07 million baht, reflecting the prudent provisioning policy to mitigate potential risk. In addition, total loan loss reserve comprised of specific reserve for classified loan of 1,508.58 million baht and general reserve of 2,350.83 million baht.

Table 6: Allowance for doubtful accounts – classified by the receivables classification as of December 31, 2009 and 2010

Type of receivables classification	December 31, 2009 (Bt. million)	%	December 31, 2010 (Bt. million)	%	% Change
Pass	732.74	30.2	934.96	22.5	27.6
Special mentioned	97.12	4.0	92.62	2.2	(4.6)
Substandard	229.55	9.5	237.77	5.7	3.6
Doubtful	113.80	4.7	88.72	2.1	(22.0)
Doubtful of loss	524.20	21.6	457.13	11.0	(12.8)
General reserve	727.84	30.0	2,350.82	56.5	223.0
Total	2,425.26	100.0	4,162.02	100.0	71.6

(2) Liabilities

Total liabilities as of December 31, 2010 were 156,550.32 million baht, increased by 30,264.69 million baht (24.0% YoY) from 126,285.64 million baht at the end of 2009. The main increase was from the increase in long-term borrowings by 10,030.65 million baht (184.7% YoY) following additional long-term fund raising in the upward interest rate cycle. The liabilities mix comprised of 79.1% total deposit including short-term borrowing, 6.9% interbank and money market items, 9.9% long-term borrowings, and 4.1% other liabilities. In addition, TISCO Bank issued additional subordinated debenture during the year amounting 2,000 million baht, which will be counted as Tier II capital. The subordinated debenture will be matured in 2020.

Table 7: Liabilities Breakdown by Area as of December 31, 2009 and 2010

Type of Borrowings	December 31, 2009		December 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Total deposits ¹	110,507.42	87.5	123,849.04	79.1	12.1
Interbank and money market items	6,380.22	5.1	10,842.76	6.9	69.9
Long-term borrowings	5,429.75	4.3	15,460.40	9.9	184.7
Others	3,968.25	3.1	6,398.11	4.1	61.2
Total – The Company and Subsidiaries	126,285.64	100.0	156,550.32	100.0	24.0

(3) Shareholders' Equity

Shareholder's equity and unappropriated retained earnings as of December 31, 2010 were 14,857.22 million baht and 6,235.41 million baht, increased by 2,338.51 million baht (18.7% YoY) and 1,892.97 million baht (43.6% YoY), respectively following the continual profit expansion.

The book value per share (BVPS) as of December 31, 2010 was 20.41 baht, increased from 17.22 baht as at December 31, 2009. As at December 31, 2010, TISCO Group had paid-up shares amounting 727.91 million shares, comprising 727.87 million common shares and 0.04 million preference shares.

(4) Commitments and contingent liabilities

TISCO Group's commitments and contingent liabilities included Avals, Guarantees of loans, and other obligations in 2010 amounted to 194.14 million baht and 1,729.06 million baht, respectively. In addition, the decrease was mainly to maturity of interest rate swap contract.

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

11.2.3 Business Segment Performances

(1) Banking Business

Loans

Total consolidated loans and receivables were 149,730.80 million baht, up by 36,497.82 million baht (32.2% YoY), following growth in loan businesses. The composition of loan portfolio was 71.8% of retail loans, 15.0% of corporate loans, 6.3% of SME loans and 6.9% of other loans.

Corporate lending portfolio totaled 22,431.58 million baht, significantly increased by 7,552.79 million baht (50.8% YoY), mainly due to an increase in loans to in loans to utilities and services as well as manufacturing & commerce.

Retail lending portfolio consisted of 98.7% car, motorcycle, and other hire purchase and 1.3% mortgage loans. The outstanding hire purchase loans totaled 106,047.24 million baht, rose by 19,450.85 million baht (22.5% YoY) due partly to the successful in captive leasing business for Fords, Mazda, and Chevrolet. Car hire purchase new business volume amounted 57,101.43 million baht, increased by 15,126.17 million baht (36.0% YoY), while the domestic car sales in the year 2010 reported at 800,357 units increased from 548,872 units (45.8% YoY). The car penetration rate for year 2010 was at 11.2% which was slightly decreased when compared to 12.0% in 2009.

SME lending portfolio totaled 9,425.41 million baht, up by 4,755.83 million baht (101.8% YoY), mainly due to the floor plan financing and logistics business.

Other loan portfolio totaled 10,404.29 million baht, increased by 4,791.89 million baht (85.4% YoY), mainly due to an increase in loan to other corporate businesses (referring to the Bank of Thailand's loan definition). In addition, TISCO Auto Cash loan increased for 2,744.18 million baht (104.6% YoY), from 2,624.24 million baht at the end of 2009 to 5,368.42 million baht.

Deposit

Total deposit totaled 123,849.04 million baht, increased by 13,341.62 million baht (12.1% YoY). Meanwhile, the portion of saving accounts and current accounts of total deposits remained high at 24.7%. In addition, the portion of retail deposit with deposit amount less than 20 million baht to total funding in terms of clients remained high at 28.7%, compared to 27.5% as of the end of 2009.

Table 8: Deposits Structure as of December 31, 2009 and 2010

Type of Deposits	December 31, 2009		December 31, 2010		% Change
	Amount		Amount		
	(Bt. million)	%	(Bt. million)	%	
Current accounts	7,430.53	6.7	4,859.99	3.9	(34.6)
Saving accounts	17,920.36	16.2	25,671.55	20.7	43.3
Fixed accounts	1,939.79	1.8	1,169.53	0.9	(39.7)
Negotiate certificate deposit	29,515.42	26.7	16,832.16	13.6	(43.0)
Promissory notes and Bill of exchange	2.38	0.0	2.38	0.0	0.0
Short-term borrowings	53,698.94	48.6	75,313.44	60.8	40.3
Total deposits	110,507.42	100.0	123,849.04	100.0	12.1

(2) Securities Business

At the end of 2010, average daily turnover of TISCO Securities Co., Ltd. was 1,376.91 million baht, increased by 52.5% (YoY) following the increase in overall trading volume. TISCO Securities' average market share was slightly decreased from 2.5% at the end of 2009 to 2.4%, mainly due to the decrease in market share of foreign institutional and retail sector. However, the brokerage fee increased by 159.55 million baht to 706.28 million baht (29.2% YoY) in year 2010. Meanwhile, TISCO brokerage volume in 2010 comprised of 19.2% of foreign institutions, 31.4% of local institutions, and 48.7% of retail customers. Fee income from investment banking business in 2010 was 178.70 million baht, comparing to 53.86 million baht (YoY) mainly contributed by the achievement of financial advisory service for the sale of the stake in Siam City Bank Plc.

(3) Asset Management Business

As of December 31, 2010, asset management industry improved by 312,766.20 million baht (13.0 % YoY). TISCO's assets under management as of December, 31 2010 were 137,015.24 million baht, increased by 13,728.84 million baht (11.1% YoY). Total market share of TISCO Asset Management Co., Ltd. as of December, 31, 2010 was 5.0%, ranking 7th in the market. The market share of provident fund was 13.5%, ranking 3rd in the market while the market share of private fund 15.2%, ranking 2nd in the market. For mutual fund, the market share was 1.0%, ranking 15th in the market.

Basic fee income from asset management for the year 2010 totaled 595.42 million baht, increased by 99.99 million baht (20.2% YoY) following an increase in asset under management and the variety of funds launched according to market environment. Moreover, the variable performance and incentive fee was 102.90 million baht following improvement in capital market during the year. As a result, the total fee income from asset under management increased from 642.45 million baht in 2009 to 698.31 million baht. The composition of total asset under management was 56.4% of provident fund, 30.7% of private fund, and 12.9% of mutual fund.

Table 9: Assets under Management Breakdown by Type of Fund as of December 31, 2009 and 2010

Type of Fund	December 31, 2009		December 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	70,461.35	57.2	77,265.69	56.4	9.7
Private Fund	37,797.42	30.7	42,027.46	30.7	11.2
Mutual Fund	15,027.62	12.2	17,722.10	12.9	17.9
Total	123,286.40	100.0	137,015.24	100.0	11.1

11.2.4 Liquidity

As of December 31, 2010, the Company and its subsidiaries' cash was 903.31 million baht, an increase of 76.78 million Baht. This was mainly comprised of 9,615.90 million baht in net cash flows used in operating activities due partly to increasing in loans and receivables. Meanwhile, there was net cash flows from financing activities amounting 6,128.17 million baht from issuing of long-term debenture and debt instruments, and net cash flow from investing activities amounting 3,570.11 million baht mainly arising from an increase in disposal of investment in securities held for investment.

11.2.5 Sources and Uses of Funds

At the end of 2010, the funding structure as shown in the consolidated financial statement comprised of 156,550.32 million baht in liabilities and 14,857.23 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 10.5. The major source of funds on liabilities side was deposits, which accounted for 72.3% of total source of funds. Other sources of funds included interbank and money market items accounted for 6.3% of total source of funds, 12.8% of borrowing of others liability, and 8.7% of shareholders' equity, respectively.

As of December 31, 2010, the Company and its subsidiaries major use of funds was loans, amounting 149,730.80 million baht, resulting in a loan-to-deposit ratio¹ of 120.9%. The other uses of funds include interbank and money market items, securities purchased under resale agreements, and investment in securities.

11.2.6 Capital Requirements

As of December 31, 2010, TISCO Group's capital stood at 16,920.43 million baht comprising of Tier-I, Tier-II capital and adjustment from reserve. The integrated risk capital increased by 764.75 million baht (14.2% YoY) to 6,157.56 million baht following the expansion of the business with improving credit quality over the year. In addition, the capital surplus was remarkably strong at 10,762.87 million baht or 63.6%.

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

Comparing to the end of 2009, the market risk capital in 2010 significantly decreased by 361.31 million baht from 1,501.81 million baht to 1,123.07 million baht, resulting from a decrease of listed-equity risk capital as recovery of investment position in listed equity corresponding to a rebound in stock market. Meanwhile, the credit risk capital rose by 892.05 million baht to 4,036.15 million baht following the expansion of retail lending business by 22.0% from 88,072.22 million baht in 2009 to 107,469.52 million baht at the end of 2010. In addition, credit risk profile of loan portfolio has gradually improved over the second half of 2009 with a drop in the portion of non-performing loan in retail lending business from 1.9% in 2009 to 1.5% in 2010.

In the meantime, the interest rate risk in banking book remained stable as a result of a decreasing interest rate gap (BPV) during 2010. The assets duration was shorter from 1.62 years to 1.57 years while the liabilities duration increased from 0.62 year to 0.86 year as an issuance of long-term subordinated debentures during the year. Therefore, the duration gap of assets and liabilities decreased and was still manageable in the range of 8.5 months.

In terms of regulatory capital requirement of the Bank and Securities Company, the positions are still in strong and sufficient levels to cushion for the expansion of asset in the future. At the end of 2010, the projected regulatory capital adequacy ratio (BIS ratio) under IRB approach after an adjustment of capital floor stood at 15.23% remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II projected capital adequacy ratio before an adjustment of capital floor stood at 11.29% and 6.56%, respectively, Tier-I capital adequacy ratio also remained higher than the minimum requirement at 4.25%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 49.75%, greatly higher than the minimum required ratio by the SEC of 7.0%.

Table 10: Capital Adequacy Ratio as of December 31, 2009 and 2010

	December 31, 2009	December 31, 2010
Tier-I Capital	14.48	11.29
Total Capital	16.96	15.23

Table 10: Average Duration Mismatch of Assets and Liabilities and Its Impact

Type of Fund	Duration (years)		1-Y Net interest income change to 1% interest rate increase (Bt. million)	
	2009	2010	2008	2009
	Assets	1.62	1.57	432.73
Liabilities	0.62	0.86	(737.17)	(793.22)
Net Gap	1.00	0.71	(304.44)	(268.42)

11.2.7 Auditor's Fee

(1) Audit Fee

The Company and its subsidiaries paid the audit fee for the year 2010 of 6,533,576 baht to Ernst & Young Office Limited.

(2) Non-audit Fee

The Company paid non-audit fees in 2010 amounted to 818,500 baht to Ernst & Young Office Limited. These fees were for special audit under the requirement of the Bank of Thailand.

11.2.8 Credit Rating

In 2010, the Company offered short-term bill of exchange with tenor up to 270 days. The Company got long-term credit rating 'A-(tha)' , rating outlook "stable" and short-term credit rating 'F2(thai)' from Fitch Ratings (Thailand) Co., Ltd. as at December 21, 2010. The ratings reflect the Company's strong asset quality, capital base, profitability. The details of credit ratings by Fitch Ratings (Thailand) are shown as follows;

Credit Rating (Unsolicited Rating)	December 21, 2010
Long - term National Rating	A- (tha)
Short - term National Rating	F2 (tha)
Rating Outlook	Stable

12. Others related information

12.1 Corporate Social Responsibility

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

TISCO places great importance on its corporate commitment to social responsibility as one of the group's core values. Not only are the group's Corporate Social Responsibility ("CSR") projects and activities focused on the sustainable development of the nation's people, culture and environment, they are supported by the active participation of TISCO employees. Working groups for specific projects have been set up to maintain continuity in the activities with the recommendations given by the board of directors and to evaluate whether the project's desired outcome has been attained. The activities are followed up by the board of directors and reported at the board's meeting annually. The board also encourages TISCO's local branches to participate in community development activities, all of which are undertaken as long-term projects and closely monitored from year to year.

In 2010, TISCO Group sets up a Corporate Social Responsibility unit (CSR) to emphasize the group's intention in being responsible for society. The unit oversees all social activities including youth development, quality of life improvement, environmental preservation, etc. which lead to sustainable development of society and the nation. The activities will be performed in accordance with TISCO Group's core values.

12.2 General Policy on Social Responsibility

For more than 40 years, TISCO operates businesses with ethics and strong sense of social responsibilities. These values incorporate into management practices as examples for younger generation to follow the footsteps and become our corporate culture, to commit to the highest ethical standards.

1. Good Corporate Governance
2. Ethical Business Operation
3. Responsibility on Consumers
4. Community and Social Development
5. Respect on Human Rights and Labor Justice
6. Environmental Conservation
7. Innovation from Social Works
8. Report on Social and Environmental Activities

1. Good Corporate Governance

TISCO Group is thoroughly committed to maintaining high standards of corporate governance. It is the group's policy to ensure that the rights and interests of all stakeholders are well protected. The board carefully considers the various stakeholders' legal rights, and ensures that those rights are protected and treated with care. Collaboration between the company and all stakeholders is promoted in order to secure profits and business stability. (see more details in Section 8.5 Corporate Governance, Part 8 Management).

Shareholders	Return their investment with good business performances and provide channels for them to be able to fully exercise their rights.
Customers	Respond to various needs of customers with client centric practices and provide channels for them to voice their opinions.
Business Partners	Abide by binding contract conditions, rules, regulations fairly and equally.
Competitors	Compete with fairness and ethical values. Avoid creating negative impacts to the industry.
Employees	Support their learning and development continuously with fair treatments and compensations.
Society	Aware of social responsibilities as one of the duties.
Environment	Promote environmentally friendly practices and organize activities that focus on environmental conservation.

2. Ethical Business Operation

TISCO Group includes Code of Corporate Ethics in its employees manual. The codes cover ethical and moral values that employees must be abided to ensure no behaviors leading to corruptions, prejudices, violation of rules, and leakage of customers' private information. Employees must pass annual test of their knowledge and understanding of corporate ethics and compliance. In addition, Know Your Customer (KYC) and Customer Due Diligence (CDD) practices are implemented to make sure that our services will not be unlawful or cause any negative effects to the society and environment. Operating Risk Management department was set up to monitor and ensure effective risk control of the company. (see more details in Section 8.6 Corporate Governance, Part 8 Management).

3. Responsibility on Consumers

TISCO Group aims to operate its business with the highest ethical standards and exert effort to respond to all financial needs to create wealth and sustainable value for consumers, shareholders, employees, and society. For the past 40 years, TISCO has focused on providing financial service in every business with professional expertise. We place great importance on customer centricity to respond to customers' needs with a wide range of products. To maximize client value, 4 pillars of focused business areas serving key clients and all stakeholders have been identified, comprising of Retail Banking, Corporate & SME Banking, Wealth & Asset Management, and Corporate Affairs & CSR.

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

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

4. Community and Social Development

TISCO Group commits to sustainable development of the society by providing long-term support on charitable projects. For more than thirty years, TISCO Foundation for Charity was established to work full time on social development, providing opportunities to the underprivileged to be able to rely on themselves. The Foundation's main activities are to provide scholarships for needy students nationwide, and provide start-up and medical treatment funds for the underprivileged to help them stand on their own feet and be able to earn their living. Every year the Foundation's working team went on field trips to visit schools and students to follow up the scholarship recipients' performance.

For community development, TISCO voluntary group initiated "Rak Rian Ru Su Chumchon" project to provide better opportunity for the community by arranging a renovation of school libraries in Bangkok and upcountry so that youths and local people can use the library as a learning center for knowledge sharing.

5. Respect on Human Rights and Labor Justice

TISCO Group always places great importance on employee rights. TISCO employees are equally treated and given opportunities to develop themselves for professional advancement. We use a fair compensation and merits system to measure employees' performance. In addition, TISCO encourages employees to participate in a recreational activities.

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

The group's policies and objectives are delivered through continuous training and development programs including specific knowledge and skills training, basic training courses, and strategic policy training.

In 2010, the Human Resource & Organization Development department has continually arranged several training programs for TISCO employees throughout the year. TISCO held 214 in-house courses with 2,633 training hours, and 212 outside training programs of 3,001 training hours. In total the company provided 426 training programs using 5,634 training hours.

In 2010, TISCO Group set up TISCO Learning Center to train employees, develop courses for basic and specific knowledge and skill training including, and instill corporate values. In other words, TISCO Learning Center plays an important role in helping to increase organization competency. (see more details in Section 9.8 Personnel Development, Part 9 Management)

6. Environmental Conservation

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

TISCO Group signed the agreement to support and be a part of United Nations' environmental services in 1992. Since 1991, TISCO started its first reforestation project and continued to do so as an annual activity for almost 20 years with management and staffs joining the activity.

7. Innovation from Social Works

TISCO Foundation for Charity is a non-profit organization established by TISCO to work on a full-time basis for social development works. The foundation has been registered under the Ministry of Finance as such receipts from the donation can be applied for tax deduction. In addition, TISCO has established Productivity Improvement Department to monitor the process of resources utilization to their fullest potential under effective control system. We develop electronic banking services which help facilitate financial transactions for customers and at the same time reduce the paper usage. TISCO Bank also initiated the e-Money ATM machine, also called e-TM machine, a new financial innovation for complete electronic transactions including deposits, withdrawals, money transfers, and payments to increase convenience for customers. TISCO e-TM customers can use card to pay for goods and service instead of cash. As the Bank foresees that electronic channel will play more important role in performing financial transactions, the e-TM innovation thus is a new financial innovation that the Bank developed to respond more to customers' needs.

Another innovation to combat the global warming was the establishment of a new unit in TISCO, the "Clean Development Mechanism (CDM) Division" to provide a Certified Emission Reductions (CERs) brokerage service to work with project owners in identifying the most suitable buyers of CDM credits, such as buyers with strong credit ratings and those which are well recognized internationally.

8. Report on Social and Environmental Activities

TISCO reported the activities and summarized budgets spent on major projects as part of the company's annual report. However, since 2006, the special report on social responsibilities written in both Thai and English version has been issued separately. This special report is meant to communicate our ideas and share our experience on social and environmental development activities to our shareholders, educational institutions, and general public. The report is also available in the form of CDROM and as website www.tisco.co.th

The details of TISCO Group's practices reflecting responsible business operation for stakeholders consisting of shareholders, employees, customers, trading partners and creditors, and competitors can be found under Part 12 will discuss social and environmental responsibilities with the details as following: Section 8.5 Corporate Governance, Part 8 Management.

12.3 Corporate Social Responsibility Highlights in 2010

TISCO group always gives emphasis to a long-term project to achieve sustainable development. Through the TISCO Foundation for Charity, the group has handed out many scholarships for needy students, provide medical funding assistance for destitute patients, helped underprivileged people get back on their feet with business start-up funds, and supported a wide array of important social and community activities as follow;

1. Social Supports

1.1 TISCO Foundation for Charity

As a demonstration of TISCO Group's long-term commitment to sustainable development, the "TISCO Foundation for Charity" was established in 1982 to work towards the long-term goal of improving society and the nation. Since then, TISCO's major social contributions have been made through the work of TISCO Foundation, which has four primary charitable purposes as follows:

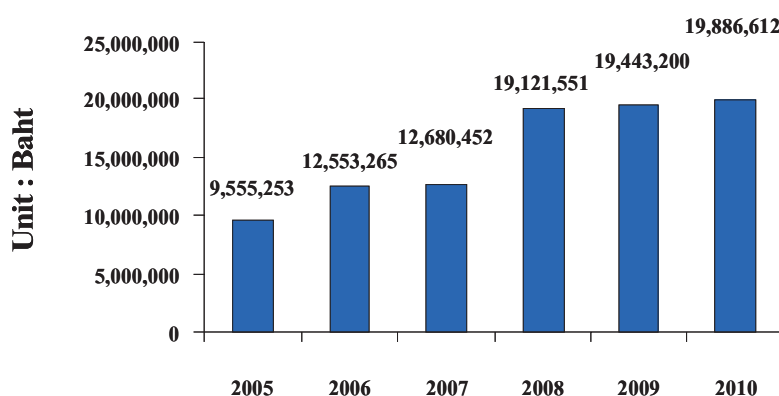
- 1) Providing nationwide educational scholarships for needy students,
- 2) Providing medical funding for destitute patients including donation of artificial organs and prosthesis
- 3) Providing business start-up funds for underprivileged people to promote self-reliance
- 4) Providing support for social and community activities.

Apart from the interest generated by the foundation's capital fund, the foundation has received regular support from TISCO Group, TISCO employees and the general public. The interest income from such funds has been donated to many charitable projects in accordance with the foundation's objectives. In 2010, TISCO mainly contributed to the TISCO Foundation at the total amount of 19,886,612 baht.

TISCO Foundation's Social Support Activities (Unit: Baht)

Year	Education Support	Medical Support	Start-Up Fund	Total
1982-2004	85,477,599	3,939,778	1,700,979	91,118,356
2005	9,405,013	109,840	40,400	9,555,253
2006	12,431,750	41,375	80,140	12,553,265
2007	12,650,500	11,710	18,242	12,680,452
2008	18,996,000	100,551	25,000	19,121,551
2009	19,347,800	13,500	81,900	19,443,200
2010	19,715,000	128,274	43,338	19,886,612

TISCO Foundation's Education Support



In 2010, TISCO Foundation provided 6,054 scholarships at the total amount of 19,715,000 baht to needy students at every level throughout the country i.e., 545 scholarships to primary school students, 4,560 scholarships to secondary school students, 485 scholarships to vocational school students, 390 scholarships to university students and 74 scholarships to other levels. Among these scholarships, 3,191 scholarships have been continuously granted, and 2,864 to the new recipients.

Moreover, TISCO Foundation has provided medical support and start-up fund for the underprivileged both in Bangkok and local areas. During the year contributions were 128,274 baht for medical support and 43,338 baht for start-up funds.

Follow-up Progress

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

In 2010, TISCO Foundation's staff went on field trips to follow up scholarships performance in various provinces, including Bangkok and its vicinity, Angthong, Kanchanaburi, Sakonnakhon, Kalasin, Roi-et, Buriram, Nakhon Ratchasima and Sa-kaeo provinces

1.2 Special Continuous Project

Rak Rian Ru Su Chumchon

The project was initiated in 2009 aiming to provide learning opportunities for children and people living in rural areas by building/renovating school libraries and donating books to 40 villages near TISCO's branches around the country. In 2010, 13 libraries were renovated. In following years, libraries to be renovated will be selected as appropriate to continue encourage learning in communities.

Blood Donation

TISCO Group and The Thai Red Cross Society have organized blood donation for over 26 years to give an opportunity for employees, customers, and the public to participate in the activity every quarter at Head Office, North Sathorn. The activity has also been held at our branches across the nation. In 2010, the donation was held 19 times and we received 2,840 units of blood or 1,136,200 cc.

1.3 Other Social Support Activities

A part from continuous social support activities through TISCO Foundation, TISCO Group also supports other social and community development including supporting UNICEF Thailand's activities, supporting Community Development and Social Welfare Project of Bangrak Area Office to exhibit strength of people living in the communities and stimulate tourism to generate revenue in Bangkok, sponsoring National Special Olympic Competition to encourage people with intellectual disabilities to play sports and develop their quality of life, supporting charitable activities of Thai Airways International Public Company Limited, etc.

2. Environmental Conservation

Reforestation Project

In 2010, TISCO Group organized "Poh Kla, Na Rian Ru" (Let's Learn about the Origination of Saplings) activity at The Saplings Center in Nakhon Ratchasima, one of the fourth largest saplings distribution center in Thailand to support reforestation projects of government and private sector. The center is able to produce at least 10 million saplings per year. Since the Center

Summary of Corporate Social Responsibility Donations and Supports in 2010

has a problem of budget insufficiency, TISCO has supported the Center's operating cost of 10,000 saplings which include significant plants such as Pradoo, Intanil, Yang Na, Koon, Ma kha Mong, Pa Yoong, Dang, Teng, Khee Lek, Sa Dao, Ma Room, etc.

In addition, to emphasize our intention in helping to preserve environment TISCO Group supported an activity of United Nations Environment Program Finance Initiative to express our realization of the relationship between society, environment, performance, and sustainability. We do not only focus on making profit but also pay attention to social issues such as education, social development, and health. Other environmental/global warming related activity is our continued effort in promoting green concept of reduce, reuse, recycle by producing recycled/reusable daily-use items such as diary and clothe bag for our customers.

In addition, TISCO Group's environmental conservations also include resource management policy. TISCO Group places great importance on creating mindset for energy and environmental conservation among TISCO employees, i.e. power saving, travel planning, using environmental-friendly office supplies and waste reduction.

3. Support for the Arts and Cultures

Thai Contemporary Art Support

TISCO Group has been a pioneer and continuous supporter of the Thai contemporary art since 1970, realizing that a vibrant cultural life is important for sustaining national pride and identity. To help promote and preserve Thai culture, TISCO consistently supported a number of initiatives and collected more than 300 Thai contemporary and modern arts. The TISCO Art Collection has been recognized as one of the best in the country boasting great diversity that unfolds the maturity and long history of nation's contemporary art. The collection covers many early works of prominent artists at present which are rare to find nowadays. It is also considered a reflection of the journey of Thai contemporary art in four decades. In addition, TISCO Group has continuously supported many activities of The Rama IX Art Museum.

Special Art Works Creation to Celebrate HM The King's 84th Birthday

1. Social support

1.1 TISCO Foundation for Charity

Date/Month	Activities	Objectives	Amount (Baht)
All Year	Educational Support	To provide nationwide educational scholarships for needy students	19,715,000
All Year	Medical Support	To provide medical funding for destitute patients	128,274
All Year	Start-Up Fund	To provide business start-up funds for underprivileged people to promote self-reliance	43,338
	Total		19,886,612

1.2 TISCO's special continuous activities

Date/Month	Activities	Objectives	Amount (Baht)
All Year	Rak Rian Ru Su Chumchon	To provide opportunities for children and people living in underprivileged areas through renovating/improving community libraries to be a better place for learning	560,000
All Year	Blood Donation for the Thai Red Cross Society	To save life by expands this activity to branch network around the country	75,000

In 2010, TISCO initiated the creation of art works to remark the special occasion of HM the King's 84th birthday including a sculpture representing "the 7th cycle of HM the King's birthday" and a painting called "Tarn Baramee". TISCO also produced the 7th cycle of HM the King's birthday calendars, with timeline of special milestone during each cycle of his life. The work was created by The Rama IX Art Museum Foundation to celebrate HM the King's 84th birthday on 5 December 2011.

Religious support

TISCO continues to support important religious traditions, especially in the rural areas where monasteries are center of communities. Through TISCO Bank's provincial branches, merit making activities such as Katin ceremonies were organized annually to provide support to designated temples. In 2010, TISCO Group hosted the Kathin ceremony at Wat Nong Ngu Leum in [Chonburi](#) province. The contribution was intended to support the construction of ubosot (Buddhist temple). In addition, TISCO also hosted a religious Papha ceremony for Wat Hua Khuang in Nan to support the renovation of the temple's sermon hall aged over 400 years.

4. Special activities to relieve flood victims

In 2010, the severe floods in many areas across the nation have caused damages to many people. Apart from helping employees and customers, TISCO also supported the public and gave an opportunity for employees to participate in social activities. We focused on helping to restore the damages by donating money to the victims through the fund of The Prime Minister's Office, providing necessity supplies, and opening an account for employees and the public to donate their money. In addition, we cooperated with The Thai Bankers' Association to assist Panich Song Kroh Foundation to relieve the victims.

As for other relieve projects in 2010, TISCO joined the CSR Club of Thai Listed Companies Association to donate blankets to needy people who suffer from the cold weather in the northern part of the country. We also donated fund to help support the earthquake victims in Heiti.

Date/Month	Activities	Objectives	Amount (Baht)
Jan 10	Supported Community Development and Social Welfare Project of Bangrak Area Office	To help people in the area have a better quality of life and stimulate tourism	50,000
Nov 10	Donated to UNICEF	To support the operation of UNICEF	100,000

Date/Month	Activities	Objectives	Amount (Baht)
Nov 10	Sponsored National Special Olympic Competition	To encourage people with intellectual disabilities to play sports and develop their quality of life	50,000
Nov 10	Supported charitable activities of Thai Airways International Public Company Limited	To support special flight of His Royal Highness Crown Prince Maha Vajiralongkorn	200,000
Dec 10	Supported TISCO Foundation's activities	To support the operation of the foundation which is a charitable organization of TISCO Group established specifically for social development activities	1,000,000
	Total		1,400,000

2. Environmental Conservation

Date/Month	Activities	Objectives	Amount (Baht)
All Year	Give away diary and clothes bags	To raise awareness for global warming and encourage effective use of natural resources	1,800,000
Date/Month	Activities	Objectives	Amount (Baht)
Nov 10	Supported United Nation Environment Programme Finance Initiative	To show that TISCO not only places importance on performance but also society and environment	100,000
Dec 10	Planted saplings at The Saplings Center in Nakhon Ratchasima	To support reforestation projects of government and private sectors	85,000
	Total		1,985,000

3. Support for the Arts and Cultures

Date/Month	Activities	Objectives	Amount (Baht)
All Year	Supported TISCO Art Collection	To support Thai artists by collecting contemporary artworks	224,000
All Year	Sponsored an activity of Rama IX Art Museum	To support an activity of Rama IX Art Museum Foundation	1,000,000
Oct 10	Hosted a religious papha ceremony at Wat Hua Khuang in Nan	To support the renovation of the temple's sermon hall	400,000
Nov 10	Hosted the kathin ceremony at Wat Nong Ngu Leum in Choburi	To support the construction of ubosot	519,999
Date/Month	Activities	Objectives	Amount (Baht)
Dec 10	Produced HM the King's 84 th calendar	To commemorate HM the King's 84 th birthday anniversary on 5 December 2011	1,700,000
Dec 10	Built a sculpture representing "the 7 th cycle of HM' the King's birthday" and created a painting called "Tarn Baramee"	To commemorate HM the King's 84 th birthday anniversary on 5 December 2011	2,350,000
	Total		6,193,999

4. Relief Projects and Disaster Recovery

Date/Month	Activities	Objectives	Amount (Baht)
Feb 10	Donated fund to support earthquake victims in Heiti	To help relieve the victims	1,000,000
Nov-Dec 10	<ul style="list-style-type: none"> • Opened the account "Ruam Jai Chuy Pai Nam Tuam" to collect fund for donation • Provided necessity supplies and set up a center to receive donation • Joined The Thai Bankers' Association to support Panich Song Kroh Foundation 	To help relieve the flooding victims	1,852,000
	<ul style="list-style-type: none"> • Provided office equipments to support school administrative works for Wat Kok School in Pathum Thani • Joined CSR Club of Thai Listed Companies Association to donate blankets to needy people who suffer from the cold weather 		
	Total		2,852,000
Total			32,952,611

TISCO Group endeavors to support CSR projects and activities undertaken in parallel with our business operations. We take pride in our accomplishment each year and have a long-term commitment to continue CSR activities to achieve sustainable development.

12.4 The Committee's Planning and Implementation for Corporate Social Responsibility

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

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

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

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

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

In addition, TISCO Group provided a Corporate Social Responsibility Special Report in 2010, as one of communication tools of TISCO's social responsibility ideas and activities to our stakeholders and the public.

12.5 Honors & Awards in 2010

Awards are recognition of professional success, a reflection of TISCO Group's achievements, and proof of the quality of service and standardized operational policies that TISCO provides. In 2010, the awards received include:

Excellent Corporate Governance of Thai Listed Companies in 2010

TISCO Financial Group Public Company Limited received "excellent" rating from the survey of corporate governance of Thai listed companies in 2010 under the Corporate Governance Report of Thai Listed Companies 2010 project by Thai Institute of Directors Association: IOD. The result was considered from the rights of shareholders, the equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and responsibilities of the board of directors. This reflects TISCO's good capability in management and corporate governance.

Best Corporate Bond House 2010

TISCO Bank Public Company Limited won Best Bank in Thai Baht Corporate Bond 2010 from The Asset's 10th Annual Asian Currency Bond Benchmark Survey for the fifth consecutive year since 2006. The result of the survey was considered from TISCO Bank's good relationship with institutional customers, ability to provide debt instruments that suit customers' needs at suitable prices, and highly experienced and trained teams.

The Asian Currency Bond Benchmark Survey was conducted by The Asset Benchmark Research, a unit under The Asset Magazine which ranks Asian currency bond annually by surveying from almost 300 institutional investors across nine markets in Asia. The result was considered from the service quality, trade volume, relationship with investors, and research quality.

Best Equity Fund Group Over Three Years

TISCO Asset Management Company Limited was granted Best Equity Fund Group over Three Years from Lipper Fund Awards 2010 to honor its best funds and management by considering from 3 major factors including risk-adjusted performance, consistent return, and preservation of capital.

Best Asset Management Company

TISCO Asset Management Company Limited was granted Best Asset Management Company Award from SET Awards 2010. The award was given to the only asset company with best performance. SET Awards 2010 has been held for 7 consecutive year by The Stock Exchange of Thailand, Thai Investors Association, Thai Listed Companies Association, Thai Investor Relation Club, and Money & Banking Magazine to honor listed companies, securities companies, and asset companies with best performance and management. This also includes listed companies with good corporate governance and responsibilities towards all stakeholders, society, environment.

Best Domestic Equities House in Thailand 2010

TISCO Securities Company Limited was granted Best Domestic Equity House in Thailand 2010 from Asiamoney Awards 2010 based on its strength in research, combined with robust trading and the capabilities in investment banking and financial advisory in the capital market. The award was voted by investors across the region.

Attachment 1

Details of Directors, Management and Controlling Persons

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ² (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
1. Mr. Pliu Mangkornkanok Chairman of the Board of Directors	62	Common 2,019,100 Preferred -	-	Master of Business Administration (Finance) University of California at Los Angeles, USA Master of Science (Industrial Engineering) Stanford University, USA Bachelor of Engineering (Industrial Engineering) Chulalongkorn University - Directors Certification Program - Chairman 2000 Program Thai Institute of Directors Association	2010-Present	<i>TISCO Group</i> Chairman of the Board of Directors	TISCO Financial Group Public Company Limited	Holding Company
					2009-2010	Chairman of the Executive Board Group Chief Executive Officer		
					2008-2010	Director	TISCO Bank Public Company Limited	Bank
					2009-Present	Chairman of the Board of Directors		
					2005-2008	Director Chairman of the Executive Board Chief Executive Officer	TISCO Foundation TISCO Finance Public Company Limited	Foundation Finance
					2005-2006	Secretary to the Nomination Committee		
					1990-Present	Director	TISCO Foundation TISCO Finance Public Company Limited	Foundation Finance
					2002-2005	Director Chairman of the Executive Board Member of the Nomination Committee Chief Executive Officer		
					Mar 2011-Present	Director	Chuchawal-Royal Haskoning Company Limited	Engineering Consultant
					Feb 2011-Present	Director		
					Oct 2010-Present	Director	Sem Pringuangkeo Foundation	Foundation
					2004-Present	Councillor	Design 103 International Ltd.	Architect Consultant
					1973-Present	Director	Thai Management Association	Association
					Oct 2010-Mar 2011	Director	Rama Textile Industry Co., Ltd.	Manufacturer of Yarn
					2006-2010	Director	Solido Co.,Ltd.	Restaurant
					1994-May 2010	Director	Amata Spring Development Co., Ltd.	Golf Course
					1994-May 2010	Director	Phelps Dodge International (Thailand) Co., Ltd.	Manufacture of wire and cable products
2007-Present	Director	P D T L Trading Co., Ltd.	Distributor of electric wires and cable					
2008-2010	Director	Thai Institute of Directors Association	Association					
2003-2006	Director	The Thai Bankers' Association	Association					
		Thai Agro Exchange Co., Ltd.	Fruits & Vegetables Wholesale					
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing) Vice Chairman of the Board of Directors Member of the Executive Board Member of the Nomination and Compensation Committee (Authorized Signatory)	33	Common - Preferred -	-	Bachelor of Science (Economics) Massachusetts Institute of Technology, USA	2010-Present	<i>TISCO Group</i> Vice Chairman of the Board of Directors	TISCO Financial Group Public Company Limited	Holding Company
					2008-Present	Member of the Executive Board		
					2008-2010	Member of the Nomination and Compensation Committee	TISCO Bank Public Company Limited	Bank
					2009-2010	Director		
					2010-Present	Vice Chairman of the Executive Board Vice Chairman of the Board of Directors	TISCO Bank Public Company Limited	Bank
					2009-2010	Member of the Executive Board		
					2007-2010	Chairman of the Executive Board	CDIB & Partners Investment Holding Corporation	Investment
					2007-2008	Director		
					2008-Present	Member of the Executive Board	Quintus Capital Group Ltd.	Investment
					2005-Present	Member of the Nomination and Compensation Committee		
2005-2008	<i>Others</i> Senior Advisor	CDIB & Partners Asset Management Holding Ltd.	Asset Management					
2005-2008	Managing Director	CDIB & Partners Investment Holding Corporation	Investment					
		Senior Vice President						
3. Ms. Oranuch Apisaksirikul Director Chairman of the Executive Board (Authorized Signatory) Group Chief Executive Officer	52	Common 100,000 Preferred -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Laws Bachelor of Accountancy (Accounting & Commerce) Thammasat University - Directors Certification Program Thai Institute of Directors Association	2010-Present	<i>TISCO Group</i> Chairman of the Executive Board	TISCO Financial Group Public Company Limited	Holding Company
					2009-2010	Group Chief Executive Officer		
					2008-Present	Member of the Executive Board	TISCO Bank Public Company Limited	Bank
					2010-Present	President		
					2008-2009	Chairman of the Executive Board	TISCO Securities Company Limited	Securities
					2005-Present	Member of the Executive Board		
					2005-2008	Director	TISCO Asset Management Company Limited	Asset Management
					2010-2011 ²	Senior Executive Vice President		
					2009-2011 ²	Chairman of the Board	TISCO Information Technology Company Limited	Information Technology
					2010-2011 ²	Director		
					2009-2011 ²	Member of Audit Committee	TISCO Global Securities Ltd.	Securities
					2010-Present	Chairman of the Board		
					2009-Present	Director	TISCO Securities Hong Kong Ltd.	Securities
					2000-2007	Director	TISCO Finance Public Company Limited	Finance
					2000-2007	Director		
					2005	Director		
					2002-2005	Chief Financial Officer, Planning and Risk Management		
	<i>Others</i> Advisor, Member of Risk Management Sub-Committee	Government Pension Fund	Asset Management					
2010-Present	Member of Risk Management Committee	Small Industry Credit Guarantee Corporation	Specialized Financial Institution					
2004-2010	Member of Risk Management Sub-Committee	The Stock Exchange of Thailand	The Stock Exchange of Thailand					

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ² (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
4. Ms. Krisna Theravuthi Independent Director Chairperson of the Nomination and Compensation Committee	60	Common Preferred	12 -	-	Master of Business Administration (Marketing) University of Wisconsin-Madison, USA Bachelor of Accountancy (Accounting) Chulalongkorn University - Role of Chairman Program - Monitoring the System of Internal Control and Risk Management - Role of Compensation Committee - Audit Committee Program - Directors Certification Program - Directors Accreditation Program - Effective Audit Committee and Best Practice Program Thai Institute of Directors Association	2008-Present	<u>TISCO Group</u> Independent Director	TISCO Financial Group Public Company Limited	Holding Company
						2007-2008	Chairperson of the Nomination and Compensation Committee Chairperson of the Nomination and Compensation Committee	TISCO Bank Public Company Limited	Bank
						2005- 2008	Member of the Audit Committee		
						2005- 2007	Independent Director		
						2002-2005	Chairperson of the Audit Committee	TISCO Finance Public Company Limited	Finance
						1998-2002	Independent Director Member of the Audit Committee		
						1996-1998	Director Member of Audit Committee	TISCO Finance and Securities Public Company Limited	Finance and Securities
						2004-Present	Director <u>Others</u> Secretary-General	Women's Association of Thailand - Udornthani	Association
						2004-Present	Vice President	The North-Eastern Mentally Retarded Welfare Center	Foundation
						1986-Present	Executive Director	Tavornudorn Co., Ltd.	Hotel
2008-2010	Expert	Committee on Labour and Social Welfare	Government Office						
5. Assoc.Prof.Dr. Angkarat Priebjrivat Independent Director Chairperson of the Audit Committee	55	Common Preferred	-	-	Doctor of Philosophy (Accounting) New York University, USA Master of Science (Accounting) Bachelor of Business Administration (Accounting) Thammasat University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate in International Financial Reporting Standard (IFRS) The Institute of Chartered Accountants in England and Wales (ICAEW) - Directors Certification Program - Directors Accreditation Program - Role of Chairman Program - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring the System of Internal Control and Risk Management - Monitoring Fraud Risk Management Thai Institute of Directors Association	2008-Present	<u>TISCO Group</u> Chairperson of the Audit Committee	TISCO Financial Group Public Company Limited	Holding Company
						2007-Present	Independent Director	TISCO Bank Public Company Limited	Bank
						2005-Present	Chairperson of the Audit Committee		
						2005-2007	Independent Director		
						2005-2007	Member of the Audit Committee		
						2011-Present	<u>Others</u> Advisor to the Audit Committee	State Railway of Thailand	Government Office
						2009-Present	Member, Accounting and Corporate Governance Steering Group	The Securities and Exchange Commission	Independent State Agency
						2008-Present	Independent Director	Office Mate Public Company Limited	Supplier of full line office products
						2006-Present	Chairperson of the Audit Committee	The ABF Thailand Bond Index Fund	Fund
						2004-Present	Chairman, Supervisory Committee	Association of Investment Management Companies	Association
						2002-Present	Independent Director (Accounting Specialist)	The Comptroller General's Department, Ministry of Finance	Government Office
						2002-Present	Government Accounting Standards Committee		
						2002-Present	Advisor to the Audit Committee	TOT Corporation Public Co., Ltd.	Communication
1997-Present	Associate Professor	National Institute of Development Administration (NIDA)	Educational Institute						
1992-Present	Advisor to the Listing and Disclosure Department	The Stock Exchange of Thailand	Stock Exchange						
2004-2009	Member of the Consultative Subcommittee on Cost Accounting Development Project	Commission on Higher Education	Commission on Higher Education						
2002-2009	Advisor	The Comptroller General's Department, Ministry of Finance	Government Office						
6. Ms. Panada Kanokwat Independent Director Member of the Audit Committee	61	Common Preferred	-	-	Master of Business Administration (Banking & Finance) North Texas State University, USA Bachelor of Business Administration (Accounting) Thammasat University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate of Executive Program in International Management Stanford-National University of Singapore - Certificate of Building, Leading & Sustaining Innovation Organization Sloan School of Management, Massachusetts Institute of Technology, USA - Directors Certification Program - Directors Accreditation Program Thai Institute of Directors Association	2008-Present	<u>TISCO Group</u> Independent Director	TISCO Financial Group Public Company Limited	Holding Company
						2008-Present	Member of the Audit Committee	TISCO Bank Public Company Limited	Bank
						2008-Present	Independent Director		
						2008-Present	Member of the Audit Committee		
						2009	<u>Others</u> Director	Thai Fatty Alcohols Co., Ltd.	Petrochemical and Chemical
						2008-2009	Director	PTT Chemical International Pte. Ltd. (Asia Pacific ROH)	Petrochemical and Chemical
						2008-2009	Director	Thai Oleochemicals Co., Ltd.	Petrochemical and Chemical
						2008-2009	Director	PTT Chemical International Pte. Ltd.	Petrochemical and Chemical
						2008-2009	Director	TOC Glycol Co., Ltd.	Petrochemical and Chemical
						2008-2009	Director	Thai Choline Chloride Co., Ltd.	Petrochemical and Chemical
						2008-2009	Director	Thai Ethanolamines Co., Ltd.	Petrochemical and Chemical
						2008-2009	Director	PTT Polyethylene Co., Ltd.	Petrochemical and Chemical
						2005-2009	Senior Executive Vice President, Chief Corporate Finance & Accounting	PTT Chemical Public Co., Ltd.	Petrochemical and Chemical
2004-2009	Executive Vice President	PTT Public Co., Ltd.	Oil and Gas						
2008	Director	Bangkok Polyethylene Public Co., Ltd.	Petrochemical and Chemical						
2006	Director	Star Petroleum Refining Co., Ltd.	Refinery						

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ² (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
7. Prof. Dr. Pranee Tinakorn Independent Director Member of the Audit Committee	61	Common - Preferred -	-	Doctor of Philosophy (Economics) University of Pennsylvania, USA Master in Economics University of Pennsylvania, USA Bachelor of Art in Economics Swarthmore College, USA - Directors Certification Program - Directors Accreditation Program - Audit Committee Program - Monitoring the System of Internal Audit Function - Monitoring the System of Internal Control and Risk Management - Monitoring the Quality of Financial Reporting - Monitoring Fraud Risk Management Thai Institute of Directors Association	2008-Present	<i>TISCO Group</i> Independent Director	TISCO Financial Group Public Company Limited	Holding Company
					2009-Present	Member of the Audit Committee Independent Director Member of the Audit Committee	TISCO Bank Public Company Limited	Bank
					2010-Present	<i>Others</i> Director	National Reform Committee	Independent State Agency
					2009-Present	University Council Director	Krirk University	Academic Institute
					2008-Present	Executive Director of TDRI	Thailand Development Research Institute Foundation (TDRI)	Foundation
					2005-Present	Member of TDRI Council of Trustees	Institute Foundation (TDRI)	Academic Institute
					1979-Present	Professor of Economics	Thammasat University	Government Office
					2008-2010	Member of the Committee on Budget Subsidy for Public Services	Ministry of Finance	Government Office
					2007-2008	Advisor to the Minister of Finance	National Council of Legislation	Government Office
					2007-2008	Subcommittee on Budget Law under the Committee on Fiscal, Banking and Financial Institutions	CAT Telecom Public Co., Ltd.	Communication
					2007-2008	Member of the Committee on Private Joint Operation in Public Enterprise, CAT Telecom Public Co., Ltd. and True Move Company Limited and Digital Phone Company	Triam-Udomsuksa Alumni Association	Alumni Association
					2005-2007	Subcommittee of the Thammasat University Council on Assets and Fiscal Affairs	Thammasat University	Academic Institute
					2005-2006	University Committee on Grievance and Appeal	Puey Ungphakorn Institute Committee	Institute
					2003-2006	Member	Secretariate of the House of Representatives	Government Office
2004-2005	Member of the Committee on Adjustment of the State Enterprise Capital Act B.E. 2542	Ministry of Finance	Government Office					
2003-2006	Dean, Faculty of Economics	Thammasat University	Academic Institute					
8. Ms. Patareeya Benjapolchai Independent Director	57	Common - Preferred -	-	Master of Business Administration Thammasat University Bachelor of Accountancy (Accounting) Chulalongkorn University - Certificate, Advanced Accounting and Auditing Chulalongkorn University - Certificate, The Executive Program University of Michigan, USA - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program - Financial Institutions Governance Program Thai Institute of Directors Association	2010-Present	<i>TISCO Group</i> Director	TISCO Financial Group Public Company Limited	Holding Company
					2010-Present	<i>Others</i> Audit Committee	Office of the Permanent Secretary for Defence, Ministry of Defence	Government Office
					2010-Present	Associate Judge	The Central Intellectual Property and International Trade Court	Court
					2010-Present	Directors' Responsibilities Steering Committee	The Securities and Exchange Commission	Independent State Agency
					2010-Present	Director	Baan Ruam Tang Fhun Company Limited	Property Development
					2010-Present	State-owned Enterprises Awards Committee, Board of the year 2010	State Enterprise Policy Office, Ministry of Finance	Government Office
					2008-Present	Directors on Foreign Business Committee	Department of Business Development, Ministry of Commerce	Government Office
					2007-Present	Honorary Advisor	The Institute of Internal Auditors of Thailand	Associate
					2005-Present	Director	Thailand Management Association	Association
					2006-May 2010	President and Executive Committee	The Stock Exchange of Thailand	Stock Exchange
					2009-2010	Chairman and Executive Chairman	Thailand Securities Depository Company Limited	Private Sector
					2006-2010	Vice Chairman and Executive Chairman	Thailand Futures Exchange Public Company Limited	Private Sector
					2009-2010	Chairman and Vice Chairman	Family Know How Company Limited	Private Sector
					2009-2010	Chairman	Settrade.com Company Limited	Private Sector
					2006-2010	Chairman	Thai NVDR Company Limited	Private Sector
					2006-2010	Chairman	Thai Trust Fund Company Limited	Private Sector
					2006-2010	Chairman	SiamDR Company Limited	Private Sector
					2006-2010	Chairman	Thailand Clearing House Company Limited	Private Sector
					2006-2010	Director and Secretary	Federation of Thai Capital Market Organizations	Private Sector
2002-2010	Director, Subcommittee on Investors Education and Public Relations and on Corporate Governance in Thailand	The Prime Minister's Office	Government Office					
2005-2010	Director, Award Committee, Board of the Year Award	Thai Institute of Directors Association	Private Sector					
Oct2006-Feb2008	Member of The National Legislative Assembly	The National Legislative Assembly, Thailand	Government Office					
				Committee on Finance, Banking and Financial Institutions				

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
9. Dr. Nitus Patrayotin Independent Director	53	Common Preferred	- -	-	Doctor of Philosophy (Economics) Iowa State University, USA Master in Economics Iowa State University, USA Bachelor of Economics Thammasat University - Directors Certification Program Thai Institute of Directors Association	2009-Present Feb2008-Feb2011 Sep2005-Feb2008 Oct2003-Jun2005	<i>TISCO Group</i> Independent Director <i>Others</i> President Deputy Manager Deputy Manager	TISCO Financial Group Public Company Limited The Agriculture Futures Exchange of Thailand (AFET)	Holding Company Independent Juristic Person
10. Mr. Hirohiko Nomura Director Member of the Nomination and Compensation Committee Member of the Executive Board (Authorized Signatory)	46	Common Preferred	- -	-	Bachelor of Economics The University of Tokyo, Japan	2009-Present 2008-Present 2008-Present 2008 2008-Present 2002-2008	<i>TISCO Group</i> Director Member of the Executive Board Member of the Nomination and Compensation Committee Director Member of the Executive Board Member of the Nomination and Compensation Committee <i>Others</i> Managing Director Senior Manager, International Credit Division	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited MHC Consulting (Thailand) Co., Ltd. Mizuho Corporate Bank, Ltd., Head Office	Holding Company Bank Bank Consultant Bank
11. Mr. Danny Suen Kam Yim Director	36	Common Preferred	- -	-	Bachelor of Science (Chemical Engineering) Massachusetts Institute of Technology, USA - Financial Statement Demystified for Directors Thai Institute of Directors Association	2009-Present 2008 2008 2008-Present 2007-Present 2005-2007	<i>TISCO Group</i> Director Director Director <i>Others</i> Director Vice President Assistant Vice President	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Quintas Capital Group Limited CDIB & Partners Investment Holding Corporation	Holding Company Bank Investment Investment
12. Mr. Suthas Ruangmanamongkol Director Member of the Executive Board (Authorized Signatory) President	49	Common Preferred	3,000,000 -	-	Master of Science (Finance & Banking) University of Wisconsin-Madison, USA Master of Business Administration (Finance) Western Illinois University, USA Bachelor of Engineering (Computer Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present 2009-Present 2008-Present 2009-Present 2009-Present 2005-2011 ³ 2005-2008 2002-2005 2000-2001 1998-2001 2010-Present 2010-Present 2010-Present	<i>TISCO Group</i> President Member of the Executive Board Director Director Member of the Executive Board President Director Director Managing Director Head of Commercial Finance Treasury and Funding Director Assistant Managing Director - Securities Investment and Trading <i>Others</i> Director Director Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Information Technology Company Limited TISCO Asset Management Company Limited TISCO Finance Public Company Limited TISCO Securities Company Limited The Thai Bankers' Association Phelps Dodge International (Thailand) Company Limited P D T L Trading Company Limited	Holding Company Bank Information Technology Asset Management Finance Securities Association Manufacture of wire and cable products Distributor of electric wires and cable
13. Mr. Pichai Chanvirachart⁴ Advisor	60	Common Preferred	2,112,168 -	-	Bachelor of Business Administration (Finance) Marshall University, USA - Directors Certification Program Thai Institute of Directors Association	2009-2010 2009-Present 2005-Present 2005-2008 2001-2005 1993-2008 2003-2007	<i>TISCO Group</i> Advisor Director Director Member of the Executive Board President Director Member of the Executive Board President <i>Others</i> Director Director	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited Mizuho Corporate Leasing (Thailand) Company Limited AXA Insurance Public Company Limited	Holding Company Information Technology Bank Finance Leasing Insurance
14. Mr. Sathit Aungmanee⁴ Advisor	64	Common Preferred	664,832 -	-	Master of Business Administration (Finance) Fairleigh Dickinson University, USA Bachelor of Business Administration (Accounting) Thammasat University	2011 ⁵ -Present 2011 ⁵ -Present 2009-2010 2005-2008 2001-2005	<i>TISCO Group</i> Chairman of the Board Director Member of the Audit Committee Chairman of the Board Director Member of the Audit Committee Advisor Advisor Advisor <i>Others</i>	TISCO Securities Company Limited TISCO Asset Management Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Securities Asset Management Holding Company Bank Finance

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding* (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
15. Mr. Sakchai Peechapat Senior Executive Vice President	43	Common Preferred	60,000 -	-	Master of Business Administration (International Business) University of Hawaii at Manoa, USA Bachelor of Engineering (Civil Engineering) (Honour) Kasetsart University - Director Certification Program - Director Accreditation Program Thai Institute of Directors Association - Japan-focused Management Program Japan-America Institute of Management Science, USA - Executive Management Program Faculty of Commerce and Accountancy, Thammasat University	2010-present 2010-present 2009-present ⁶ 2009-present ⁵ 2010-present 2009-present 2009-present 2009 2008 2006-2008 2005-2006 2004-2005 2002-2004 2006-present	<i>TISCO Group</i> Senior Executive Vice President Senior Executive Vice President-Marketing & Customer Relations Director Director Chairman of the Board Director Chairman of the Board Executive Vice President-Marketing & Customer Relations Executive Vice President-Retail Banking Executive Vice President-Retail Banking and Human Resources and Organization Development (Acting) Executive Vice President-Human Resources and Organization Development Head of Human Resources and Organization Development Deputy Head of Retail Finance and Head of Special Channel Distribution (Acting) <i>Others</i> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited Hi-Way Company Limited Hi-Way Company Limited TISCO Tokyo Leasing Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited TISCO Finance Public Company Limited AXA Insurance Public Company Limited	Holding Company Bank Securities Asset Management Leasing Leasing Leasing Bank Bank Bank Bank Bank Finance Finance Insurance
16. Mr. Pitada Vatcharasiritham First Executive Vice President	46	Common Preferred	- -	-	Master of Business Administration Indiana University of Pennsylvania, USA Bachelor of Economics Thammasat University	2010-present 2010-present 2010 2010 2009-2010 2006-2010 2002-2010 2002-2010 2000-2010 2006-2009	<i>TISCO Group</i> First Executive Vice President Senior Executive Vice President - Corporate Banking ⁷ <i>Others</i> Director Executive Director President Executive Director Director Executive Director Director President - Investment Banking	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Finansa Public Company Limited Finansa Public Company Limited Finansa Securities Company Limited Finansa Securities Company Limited Finansa Capital Company Limited Finansa Capital Company Limited Finansa Securities Company Limited Finansa Securities Company Limited	Holding Company Bank Finance Finance Securities Securities General Management Business General Management Business Securities Securities
17. Mr. Metha Pingsuthiwong First Executive Vice President	42	Common Preferred	178,000 -	-	Master of Business Administration (Finance) University of Wisconsin-Milwaukee, USA Bachelor of Engineering (Electrical Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-present 2010-present 2009-present ³ 2009 2005-2008 2005 2002-2005 1999-present	<i>TISCO Group</i> First Executive Vice President First Executive Vice President - Banking Service ⁸ Director Executive Vice President-Treasury and Banking Operation Executive Vice President- Treasury and Private Banking Executive Vice President- Treasury and Funding Head of Securities Investment and Trading <i>Others</i> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited TISCO Securities Company Limited K-Line (Thailand) Company Limited	Holding Company Bank Securities Bank Bank Finance Securities Transportation
18. Ms. Araya Thirakomen First Executive Vice President	48	Common Preferred	178,000 -	-	Master of Business Administration (Finance) University of New Haven, USA Bachelor of Accountancy (Finance) Chulalongkorn University - Director Certification Program Thai Institute of Directors Association - Leader Program Capital Market Academy	2010-present 2009-present 2005-present 2005-2008 2003-2005 1999-2003 2006-present 2004-present 2002-present 2002-present 2002-2004	<i>TISCO Group</i> First Executive Vice President President Director Deputy Managing Director Head of Provident Fund Business Head of Provident Fund-Marketing <i>Others</i> Member of National Pension Sub-Committee Deputy Chairman, Chairperson of Provident Fund Business Group, and Chairperson of Sub Committee-Provident Fund Member of Sub Committee on Pension and Provident Fund Member of Sub Committee on Consideration of draft Notifications on Supervision of Security Business Member of Sub Committee on Consideration of the Amendment to Provident Fund Act.	TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited TISCO Asset Management Company Limited TISCO Asset Management Company Limited TISCO Asset Management Company Limited TISCO Asset Management Company Limited Fiscal Policy Office, Ministry of Finance Association of Investment Management Company ("AIMC") Fiscal Policy Office, Ministry of Finance The Securities and Exchange Commission (SEC) The Securities and Exchange Commission (SEC)	Holding Company Asset Management Asset Management Asset Management Asset Management Asset Management Government Agency Association Government Agency Independent Agency & Regulator Independent Agency & Regulator
19. Mr. Paiboon Nalinthrangkurn First Executive Vice President	44	Common Preferred	260,000 -	-	Master of Business Administration (Finance) Indiana University at Bloomington, USA Bachelor of Arts (Computer Science) University of California at Santa Cruz, USA Certified Financial Analyst CFA Institute, USA - Director Certification Program Thai Institute of Directors Association - Capital Market Academy Leadership Program (CMA 4) Capital Market Academy	2010-present 2006-present 2005-present 2005-2006 2001-2005 2010-present 2010-present 2009-present 2009-present 2009-present 2009-present 2008-present 2007-present	<i>TISCO Group</i> First Executive Vice President Chief Executive Officer Director Deputy Managing Director and Head of Brokerage Equity Director and Head of Equity and Head of Research (Acting) <i>Others</i> Chairman Director Chairman Executive Director Director Governor Director Director	TISCO Financial Group Public Company Limited TISCO Securities Company Limited TISCO Securities Company Limited TISCO Securities Company Limited TISCO Securities Company Limited Federation of Thai Capital Market Organizations Joint Public and Private Sector Consultative Committee (JPPCC) Securities Analysts Association Association of Securities Companies Thai Bond Market Association The Stock Exchange of Thailand Capital Market Development Committee Futures Industry Club	Holding Company Securities Securities Securities Securities Organization Committee Association Association Association Committee Club

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
20. Ms. Yutiga Sonthayanavin Executive Vice President	52	Common Preferred	55,524 -	-	Master of Business Administration Chulalongkorn University Bachelor of Science (Statistics) Chulalongkorn University	2010-present 2004-present 2005-2008 2005-2007	<i>TISCO Group</i> Executive Vice President Managing Director <i>Others</i> Vice Chairperson and Director - Information Technology Club Member - Technology Development Committee	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited Association of Securities Companies The Stock Exchange of Thailand	Holding Company Information Technology Association The Stock Exchange of Thailand
21. Mr. Chalit Silpsrikul Executive Vice President	49	Common Preferred	72 -	-	Master of Business Administration Thammasat University Bachelor of Accountancy (Accounting) Thammasat University Crestcom Bullet Proof Manager (Management Skill Development Course) Ra Khang Associates Limited Financial Executive Development Program (FINEX 14) The Thai Institute of Banking and Finance Association	2010-present 2009-present 2009 2005-2008	<i>TISCO Group</i> Executive Vice President Executive Vice President - Retail Banking Head of Retail Banking Deputy Head of Retail Banking <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank Bank Bank
22. Mr. Chatri Chandrangam Executive Vice President Risk and Financial Control	40	Common Preferred	20,000 -	-	Master of Finance (Distinction) Imperial College, University of London, UK Master of Business Administration (International Business) Bachelor of Business Administration (Banking & Finance) Chulalongkorn University Certified Financial Analyst CFA Institute, USA	2010-present 2009-present 2009-present 2009-present 2007-present 2009 2005-2008 2000-2005	<i>TISCO Group</i> Executive Vice President - Risk and Financial Control Director Member of the Audit Committee Director Director Director Member of the Audit Committee Financial Controller and Risk Management Financial Controller and Risk Management Head of Risk Management <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Securities Company Limited Hi-Way Company Limited TISCO Tokyo Leasing Company Limited TISCO Asset Management Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Securities Leasing Leasing Asset Management Holding Company Bank Finance
23. Mr. Trin Indra-opas¹⁰ Head of Business Strategy & Development	40	Common Preferred	- -	-	Master of Arts (Economics) Columbia University, USA Master of Business Administration (Finance) Massachusetts Institute of Technology, USA Bachelor of Arts (Engineering) Brown University, USA	2010-present 2009-2010	<i>TISCO Group</i> Head of Business Strategy and Development <i>Others</i> Assistant Managing Director	TISCO Financial Group Public Company Limited CP Group Company Limited	Holding Company Agro-Industries, Retails and Communications
24. Mr. Tharatporn Techakitkachorn Deputy Head of Business Strategy & Development Acting Head of Product Development & Marketing	42	Common Preferred	- -	-	Master of Business Administration (Finance) Virginia Technology, USA Bachelor of Engineering Chulalongkorn University	2010-present 2010-present 2007-2010	<i>TISCO Group</i> Deputy Head of Business Strategy and Development Acting Head of Product Development & Marketing Head of Business Development <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Securities Company Limited	Holding Company Holding Company Securities
25. Mr. Pongsapat Supasirisin Assistant Head of Business Strategy & Development	36	Common Preferred	3,000 -	-	Master of Science in Engineering Business Management University of Warwick, UK Bachelor of Engineering Chulalongkorn University	2009-present 2007-2008	<i>TISCO Group</i> Assistant Head of Business Strategy and Development Head of Productivity Improvement <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
26. Mr. Ekkapol Apinun Assistant Head of Corporate Office	40	Common Preferred	- -	-	Master of Laws Southern Methodist University, USA The American University, USA Bachelor of Laws Thammasat University	2010-present 2009-2010 2007-2008 2006-2007 1997-2006	<i>TISCO Group</i> Assistant Head of Corporate Office Head of Legal Office Head of Legal Office <i>Others</i> Senior Legal Manager Associate	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Yum Restaurant International (Thailand) Company Limited Deacons Company Limited	Holding Company Holding Company Bank Restaurant Law Firm
27. Ms. Dulyarat Taveebhol Assistant Head of Corporate Office	53	Common Preferred	- -	-	Bachelor of Accountancy (Accounting) Thammasat University	2010-present 2009-2010 2008-2009 2009-present 2009-present 2005-2008 1997-2005	<i>TISCO Group</i> Assistant Head of Corporate Office Head of Compliance & Internal Control Head of Compliance & Internal Control Director Member of the Audit Committee Director Member of the Audit Committee Head of Internal Control Head of Internal Control <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Asset Management Company Limited TISCO Securities Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Holding Company Bank Asset Management Securities Bank Finance

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
28. Mr. Kontee Sunthornpradit Head of Enterprise Risk Management	34	Common Preferred	12,000 -	-	Master of Management (Operation Research) Case Western Reserve University, USA Master of Business Administration Chulalongkorn University Bachelor of Economics Chulalongkorn University	2009-present 2006-2008 2005-2006 2005 2005	<i>TISCO Group</i> Head of Enterprise Risk Management Head of Risk Management Head of Enterprise Risk Head of Risk Research and Analysis Head of Risk Research and Analysis <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Bank Bank Bank Finance
29. Mr. Kittipong Tiyafoonchai Head of Regulatory & Management Report	38	Common Preferred	8,000 -	-	Master of Business Administration Chulalongkorn University Master of Information Systems University of Memphis Bachelor of Business Administration (Banking & Finance) Chulalongkorn University	2009-present 2007-2008 2006-2007 2005-2006	<i>TISCO Group</i> Head of Regulatory & Management Report Head of Corporate Information Management Head of Cashiering & Bulk Processing Financial Officer <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank Bank Bank
30. Mr. Kullachart Ekvoratham Head of Productivity Improvement - Retail & Corporate Banking	32	Common Preferred	- -	-	Master of Business Administration Chulalongkorn University Bachelor of Engineering Chulalongkorn University	2010-present 2009-2010 2009 2007-2008 2006-2007	<i>TISCO Group</i> Head of Productivity Improvement - Retail & Corporate Banking Head of Productivity Improvement - Corporate Banking and Core Operation Productivity Improvement Officer Processing Officer <i>Others</i> Project Manager	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited ADA Trade Company Limited	Holding Company Holding Company Holding Company Bank Plastic Trading Business
31. Ms. Chutintorn Vigasi Head of Corporate Accounting	47	Common Preferred	10,324 -	-	Master of Business Administration (Accounting) Thammasat University Bachelor of Accountancy (Accounting Theory) Chulalongkorn University	2009-present 2005-2008 2002-2005	<i>TISCO Group</i> Head of Corporate Accounting Head of Corporate Accounting Head of Corporate Accounting <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Bank Finance
32. Ms. Nudtinee Suwanpanitch Head of Legal Office	37	Common Preferred	- -	-	Master of Business Administration Ramkhamhaeng University Bachelor of Laws Thammasat University	2010-present 2009-2010	<i>TISCO Group</i> Head of Legal Office Head of Legal Counselor <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited	Holding Company Holding Company
33. Ms. Teerin Suvamatemiya Corporate Secretary Head of Corporate Secretariat	38	Common Preferred	- -	-	Master of Engineering in Computer Science Cornell University, USA Bachelor of Science (Computer) Mahidol University	2010-present 2009-2010 2005-2009	<i>TISCO Group</i> Corporate Secretary Head of Corporate Secretariat Senior Product and Channel Development Officer Head of Marketing & Support <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited	Holding Company Holding Company Holding Company Asset Management
34. Mr. Noppawat Tangburanakij Head of Channel Development	33	Common Preferred	- -	-	Master of Science in Information Technology Arizona State University, USA Bachelor of Business Administration (Management) Chulalongkorn University	2010 2009 2007-2008 2005-2007 2005	<i>TISCO Group</i> Head of Channel Development Head of Product & Channel Development Head of Cash Management & Bulk Processing Head of Cash Management Services Cash Management Officer <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited	Holding Company Holding Company Bank Bank Bank
35. Ms. Narisara Tanarugsachock Head of Customer Data Analysis	34	Common Preferred	- -	-	Master of Science (Statistics) Chulalongkorn University Bachelor of Science (Mathematics) Mahidol University	2009-Present 2006-2009 2004-2006	<i>TISCO Group</i> Head of Customer Data Analysis <i>Others</i> Manager - Data Mining Department Assistant Manager - Privilege Banking	TISCO Financial Group Public Company Limited Total Access Communication Public Company Limited Bank Thai Public Company Limited	Holding Company Communication Company Bank
36. Ms. Nartrudee Siwabut Head of Corporate Marketing & Communication	50	Common Preferred	135,000 -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Arts (English) Chulalongkorn University	2009-present 2004-2008	<i>TISCO Group</i> Head of Corporate Marketing & Communication Head of Corporate Marketing & Communication <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
37. Mr. Nipon Wongchotiwat Head of Planning & Budgeting	33	Common Preferred	- -	-	Master of Science (Finance) Thammasat University Bachelor of Commerce (Finance & Economics) University of Wollongong	2009-present 2007-2008 2005-2007 2005 2005	<i>TISCO Group</i> Head of Planning & Budgeting Head of Planning & Budgeting Acting Head of Budgeting & Cost Management Risk Management Officer Risk Management Officer <i>Others</i> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Bank Bank Bank Finance

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ² (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
38. Mr. Prayuk Charoencharaskul Head of Operational Risk Management	34	Common Preferred	- -	-	Master of Business Administration University of North Carolina at Chapel Hill, USA Bachelor of Business Administration (Management) Chulalongkorn University	2009-present 2006-2008	<i>TISCO Group</i> Head of Operational Risk Management Productivity Improvement Officer <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
39. Ms. Pakaporn Punyashthiti¹¹ Corporate Secretary Head of Corporate Secretariat	44	Common Preferred	20,000 -	-	Master of Business Administration Baylor University Texas, USA	2009-2010 2008-2010 2008-2010 2008-2010 2008-2010 2008-2010 2005-2008 2003-2005 2008-present 2008-present	<i>TISCO Group</i> Head of Corporate Secretariat Corporate Secretary Corporate Secretary Corporate Secretary Corporate Secretary Corporate Secretary Head of Corporate Secretariat & Investor Relations Head of Corporate Secretariat & Investor Relations <i>Others</i> Director Director	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited Hi-Way Company Limited TISCO Information Technology Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited Sivadon Company Limited Bangkok Trading Company Limited	Holding Company Holding Company Bank Securities Asset Management Leasing Information Technology Bank Finance Building Rental Holding Company
40. Mr. Pitak Lausangngam Head of Productivity Improvement - Wealth & Asset Management	28	Common Preferred	- -	-	Master of Science in Engineering Business Management University of Warwick, UK Bachelor of Engineering Kasetsart University	2009-present 2009 2008 2007-2008	<i>TISCO Group</i> Head of Productivity Improvement - Wealth & Asset Management Operational Risk Management Officer Productivity Improvement Officer <i>Others</i> Manager of Printing and Packing Department	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Plastech Industrial Company Limited	Holding Company Holding Company Bank Plastic Packaging
41. Mr. Pairat Srivilairit Head of Internal Audit	45	Common Preferred	- -	-	Master of Business Administration Thammasat University Bachelor of Engineering Chulalongkorn University	2009-present 2004-2008 2003-2004	<i>TISCO Group</i> Head of Internal Audit Head of Internal Audit Head of Executive Office <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited	Holding Company Bank Securities
42. Ms. Pattarinee Ratananakin Head of Investor Relations	30	Common Preferred	- -	-	Master of Business Administration (Finance) University of Wisconsin-Madison, USA Bachelor of Business Administration (Finance and Banking) Chulalongkorn University	2009-present 2008 2005-2008	<i>TISCO Group</i> Head of Investor Relations Senior Investor Relations <i>Others</i> Associate Director, Investment Banking	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Kasikorn Securities Public Company Limited	Holding Company Bank Securities
43. Mr. Puvarin Kullaphatkanon Head of Risk Research	30	Common Preferred	- -	-	Master of Arts in Economics New York University, USA Bachelor of Economics Chulalongkorn University Financial Risk Manager (FRM) Global Association of Risk Professionals, USA	2010-present 2009-2010 2005-2009 2004-2005	<i>TISCO Group</i> Head of Risk Research Head of Risk Research & Advisory Senior Risk Officer Risk Officer <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Holding Company Bank Finance
44. Ms. Maneerat Wattanajak Head of Compliance - Asset Management Business	41	Common Preferred	- -	-	Master of Financial Accounting Chulalongkorn University Bachelor of Accountancy Thammasat University	2010-present 2009-2010 2008 2000-2008	<i>TISCO Group</i> Head of Compliance - Asset Management Business Head of Compliance and Internal Control - Asset Management Head of Compliance and Internal Control Senior Compliance and Internal Control Officer <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited TISCO Asset Management Company Limited	Holding Company Holding Company Asset Management Asset Management
45. Mr. Watsakorn Thepthim Head of TISCO Learning Center	38	Common Preferred	- -	-	Master of Science in Computation University of Manchester, UK Master of Business Administration Assumption University Bachelor of Business Administration (Finance) Assumption University	2010-present 2010 2009 2005-2008 2001-2005	<i>TISCO Group</i> Head of TISCO Learning Center Assistant Head of Business Strategy & Development Assistant Head of Business Strategy & Development Acting Head of Product & Channel Development Head of Product Development and Market Research Planning and Budgeting Officer <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Finance Public Company Limited	Holding Company Holding Company Holding Company Bank Finance
46. Ms. Sasinee Phattiyakul Head of Corporate Services	56	Common Preferred	- -	-	Bachelor of Education (French) Chulalongkorn University	2009-present 2002-2008	<i>TISCO Group</i> Head of Corporate Services Head of Corporate Services <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
47. Mr. Siri Prasansantikul Head of Electronic Resources	38	Common Preferred	- -	-	Master of Engineering (Computer) Asian Institute of Technology Bachelor of Engineering Chulalongkorn University	2010-present 2004 - 2010	<i>TISCO Group</i> Head of Electronic Resources Head of Electronic Resources <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited	Holding Company Asset Management

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2010

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹⁾ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
48. Ms. Sakornrat Manuwong Head of Compliance - Banking Business	40	Common	-	-	Bachelor of Accountancy (Accounting) Thammasat University	2010-present 2010	<i>TISCO Group</i> Head of Compliance - Banking Business Head of Compliance & Internal Control - Bank <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited	Holding Company Holding Company
49. Mr. Somchat Lapapong Head of Corporate Services	48	Common	-	-	Bachelor of Business Administration (Marketing) Ratchamangkala University	2010-present 2009-2010	<i>TISCO Group</i> Head of Corporate Services Deputy Head of Corporate Services <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited	Holding Company Holding Company
50. Ms. Supaporn Aramtiantamrong Head of Compliance - Securities Business	54	Common	61,248	-	Master of Business Administration Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	2010-present 2009-present 2008 2003-2008	<i>TISCO Group</i> Head of Compliance - Securities Business Head of Compliance and Internal Control - Securities Head of Compliance and Internal Control - Securities Head of Compliance and Internal Control - Asset Management <i>Others</i>	TISCO Financial Group Public Company Limited TISCO Financial Group Public Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited	Holding Company Holding Company Securities
51. Ms. Amporn Panyadilok Head of Human Resources	37	Common	-	-	Master of Business Administration Assumption University Bachelor of Business in International Trade Victoria University of Technology, Australia	2010-present 2008-2010	<i>TISCO Group</i> Head of Human Resources <i>Others</i> Head of Recruitment / Vice President	TISCO Financial Group Public Company Limited Bank of Ayudhya Public Company Limited	Holding Company Bank

Remark: ¹⁾ Including spouse and minor children²⁾ Ms.Oranuch Apisakirikul has resigned from Chairman of the Board, Director and Member of Audit Committee of TISCO Securities Company Limited and TISCO Asset Management Company Limited since January28, 2011³⁾ Mr.Suthas Ruangmanamongkol has resigned from Director of TISCO Asset Management Company Limited since March9, 2011⁴⁾ No longer holding the Advisor position from January 1, 2011 onwards.⁵⁾ Mr.Sathit Aungmanee was appointed as Chairman of the Board and Member of the Audit Committee of TISCO Securities Company Limited and TISCO Asset Management Company Limited since Januar28, 2011⁶⁾ Mr.Sakchai Peechapat has resigned from Director of TISCO Securities Company Limited and TISCO Asset Management Company Limited since March9, 2011⁷⁾ Renamed to Corporate & SME Banking⁸⁾ Renamed to Wealth & Deposit Service⁹⁾ Mr.Metha Pingsuthiwong has resigned from Directorof TISCO Securities Company Limited since March9, 2011¹⁰⁾ Resigned from the company with effect from February 1, 2011¹¹⁾ Resigned from the company with effect from January 1, 2011

1.2 Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2010

Name	TISCO	TISCO BANK	Subsidiaries					
			TISCO SEC	TISCO ASSET	HI-WAY	TISCO IT	TTL	TISCO LEASE ²
1 Mr. Pliu Mangkornkanok	C,D	C,D	-	-	-	-	-	-
2 Mr. Hon Kit Shing (Alexander H. Shing)	D,E,NCC	D,E	-	-	-	-	-	-
3 Ms. Oranuch Apisaksirikul ³	D,CE,GCEO	D,CE	-	-	-	C,D	-	-
4 Mrs. Krisna Theravuthi	I,CNCC	-	-	-	-	-	-	-
5 Assoc.Prof.Dr.Angkarat Priebjrivat	I,CA	I,CA	-	-	-	-	-	-
6 Ms. Panada Kanokwat	I,A	I,A	-	-	-	-	-	-
7 Prof. Dr. Pranee Tinakorn	I,A	I,A	-	-	-	-	-	-
8 Ms. Patareeya Benjapolchai	I	-	-	-	-	-	-	-
9 Dr. Nitus Patrayotin	I	-	-	-	-	-	-	-
10 Mr. Hirohiko Nomura	D,E,NCC	D,E	-	-	-	-	-	-
11 Mr. Danny Suen Kam Yim	D	-	-	-	-	-	-	-
12 Mr. Suthas Ruangmanamongkol	D,E,P ¹	D,E,P ¹	-	D ⁴	-	D	-	-
13 Mr. Pichai Chanvirachart	AV	D	-	-	-	D	-	-
14 Mr. Sathit Aungmanee	AV	-	C,D,A ³	C,D,A ³	-	-	-	-
15 Mr. Sakchai Peechapat	SEVP ¹	SEVP ¹	D ⁴	D ⁴	C,D	-	C,D	-
16 Mr. Pitada Vatcharasiritham	FEVP ¹	SEVP ¹	-	-	-	-	-	-
17 Mr. Metha Pingsuthiwong	FEVP ¹	FEVP ¹	D ⁴	-	-	-	-	-
18 Ms. Araya Thirakomen	FEVP ¹	-	-	D,Pr ¹	-	-	-	-
19 Mr. Paiboon Nalinthrangkurn	FEVP ¹	-	D,CEO ¹	-	-	-	-	-
20 Ms. Yutiga Sonthayanavin	EVP ¹	-	-	-	-	D,MD ¹	-	-
21 Mr. Chalit Silpsirikul	EVP ¹	EVP ¹	-	-	D	-	-	-
22 Mr. Chatri Chandrangam	EVP, CFO	-	D	D	D	-	D	D
23 Mr. Trin Indra-opas ⁵	DH	-	-	-	-	-	-	-
24 Mr. Tharatporn Techakitkachorn	DDH	-	-	-	-	-	-	-
25 Mr. Pongsupat Supasirisin	ADH	-	-	-	-	-	-	-
26 Mr. Ekkapol Apinun	ADH	-	-	-	-	-	-	D
27 Ms. Dulyarat Taveebhol	ADH	-	D	D	-	-	-	-
28 Mr. Kotee Sunthornpradit	FH	-	-	-	-	-	-	-
29 Mr. Kittipong Tiyaboonchai	FH	-	-	-	-	-	-	-
30 Mr. Kullachart Ekvoratham	FH	-	-	-	-	-	-	-
31 Ms. Chutintorn Vigasi	FH	-	-	-	-	-	-	-
32 Ms. Nudtinee Suwanpanitch	FH	-	-	-	-	-	-	-
33 Ms. Teerin Suvarnatemiya	FH	-	-	-	-	-	-	-
34 Mr. Noppawat Tangburanakij	FH	-	-	-	-	-	-	-
35 Ms. Narisara Tanarugsachock	FH	-	-	-	-	-	-	-
36 Ms. Nartrudee Siwabut	FH	-	-	-	-	-	-	-
37 Mr. Nipon Wongchotiwat	FH	-	-	-	-	-	-	-
38 Mr. Prayuk Charoencharaskul	FH	-	-	-	-	-	-	-
39 Ms. Pakaporn Punyashthiti ⁶	FH	-	-	-	-	-	-	-
40 Mr. Pitak Lausanangam	FH	-	-	-	-	-	-	-
41 Mr. Pairat Srivilairit	FH	-	-	-	-	-	-	-
42 Ms. Pattarinee Ratananakin	FH	-	-	-	-	-	-	-
43 Mr. Puvarin Kullaphatkanon	FH	-	-	-	-	-	-	-
44 Ms. Maneerat Wattanajak	FH	-	-	-	-	-	-	-
45 Mr. Watsakorn Thepthim	FH	-	-	-	-	-	-	-
46 Ms. Sasinee Phattiyakul	FH	-	-	-	-	-	-	-
47 Mr. Siri Prasansantikul	FH	-	-	-	-	-	-	-
48 Ms. Sakornrat Manuwong	FH	-	-	-	-	-	-	-
49 Mr. Somchat Lapapong	FH	-	-	-	-	-	-	-
50 Ms. Supaporn Aramtiantamrong	FH	-	-	-	-	-	-	-
51 Ms. Amporn Panyadilok	FH	-	-	-	-	-	-	-

/1 TISCO Financial Group management, seconded to manage subsidiary companies

/2 TISCO Leasing Co., Ltd.is a subsidiary of TISCO Bank Public Co., Ltd.

/3 Ms.Oranuch Apisaksirikul has resigned from Chairman of the Board, Director and Audit Committee Member of TISCO Securities Company Limited and TISCO Asset Management Company Limited since January 28, 2011 and those positions were replaced by Mr.Sathit Aungmanee since then

/4 Resigned from directorship since March 9, 2011

/5 Resigned from the company with effect from February 1, 2011

/6 Resigned from the company with effect from January 1, 2011

Abbreviations :

C = Chairman

I = Independent Director

D = Director

CE = Chairperson of The Executive Board

E = Executive Board Member

CNCC = Chairperson of The Nomination and Compensation Committee

NCC = Nomination and Compensation Committee

CA = Chairperson of The Audit Committee

A = Audit Committee

GCEO = Group Chief Executive Officer

P = President of parent company & core company

AV = Advisor

SEVP = Senior Executive Vice President

FEVP = First Executive Vice President

EVP = Executive Vice President

CEO = Chief Executive Officer

Pr = President of other subsidiary companies

MD = Managing Director

CFO = Chief Financial Officer

DH = Division Head

DDH = Deputy Division Head

ADH = Assistant Division Head

FH = Function Head

- = None

Remarks :

TISCO = TISCO Financial Group Public Co., Ltd.

TISCO ASSET = TISCO Asset Management Co., Ltd.

TTL = TISCO Tokyo Leasing Co., Ltd.

TISCO BANK = TISCO Bank Public Co., Ltd.

HI-WAY= Hi-Way Co., Ltd.

TISCO LEASE = TISCO Leasing Co., Ltd.

TISCO SEC = TISCO Securities Co., Ltd.

TISCO IT = TISCO Information Technology Co., Ltd.

Attachment 2

Changes in TISCO Shareholdings by Directors and Management

Changes in TISCO Shareholdings by Directors and Management¹

	Common Shares		Preferred Shared	
	Increase (Decrease) During the Year	As of December 31, 2010	Increase (Decrease) During the Year	As of December 31, 2010
1 Mr. Pliu Mangkornkanok	0	2,019,100	0	0
2 Mr. Hon Kit Shing (Mr. Alexander H. Shing)	0	0	0	0
3 Ms. Oranuch Apisaksirikul	0	100,000	0	0
4 Ms. Krisna Theravuthi	0	12	0	0
5 Assoc.Prof.Dr.Angkarat Priebjrivat	0	0	0	0
6 Ms. Panada Kanokwat	0	0	0	0
7 Prof. Dr. Pranee Tinakorn	0	0	0	0
8 Ms.Patareeya Benjapolchai	0	0	0	0
9 Dr. Nitus Patrayotin	0	0	0	0
10 Mr. Hirohiko Nomura	0	0	0	0
11 Mr. Danny Suen Kam Yim	0	0	0	0
4 Mr. Suthas Ruangmanamongkol	0	3,000,000	0	0
5 Mr. Pichai Charvirachart	(60,000)	2,112,168	0	0
14 Mr. Sathit Aungmanee	50,000	664,832	0	0
15 Mr. Sakchai Peechapat	0	60,000	0	0
16 Mr. Pitada Vatcharasiritham	0	0	0	0
17 Mr. Metha Pingsuthiwong	0	178,000	0	0
18 Ms. Araya Thirakomen	0	178,000	0	0
19 Mr. Paiboon Nalinthrangkum	0	260,000	0	0
20 Ms. Yutiga Sonthayanavin	0	55,524	0	0
21 Mr. Chalit Silpsirikul	0	72	0	0
22 Mr. Chatri Chandrangam	10,000	20,000	0	0
23 Mr. Trin Indra-opas ²	0	0	0	0
24 Mr. Tharatporn Techakittkachorn	0	0	0	0
25 Mr. Pongsupat Supasirisin	0	3,000	0	0
26 Mr. Ekkapol Apinun	0	0	0	0
27 Ms. Dulyarat Taveebhol	0	0	0	0
28 Mr. Kontee Sunthornpradit	0	12,000	0	0
29 Mr. Kittipong Tiyaboonchai	0	8,000	0	0
30 Mr. Kullachart Ekvoratham	0	0	0	0
31 Ms. Chutintorn Vigasi	2,500	10,324	0	0
32 Ms. Nudtinee Suwanpanitch	0	0	0	0
33 Ms. Teerin Suvarnatemiya	0	0	0	0
34 Mr. Noppawat Tangburanakij	0	0	0	0
35 Ms. Narisara Tanarugsachock	0	0	0	0
36 Ms. Nartrudee Siwabut	(10,000)	135,000	0	0
37 Mr. Nipon Wongchotiwat	0	0	0	0
38 Mr. Prayuk Charocharaskul	0	0	0	0
39 Ms. Pakaporn Punyashtithi ³	0	20,000	0	0
40 Mr. Pitak Lausanggam	0	0	0	0
41 Mr. Pairat Srivilaint	0	0	0	0
42 Ms. Pattarinee Ratananakin	0	0	0	0
43 Mr. Puvarin Kullaphatkanon	0	0	0	0
44 Ms. Maneerat Wattanajak	0	0	0	0
45 Mr. Watsakorn Thepthim	0	0	0	0
46 Ms. Sasinee Phattiyakul	0	0	0	0
47 Mr. Siri Prasansantikul	0	0	0	0
48 Ms. Sakomrat Manuwong	0	0	0	0
49 Mr. Somchat Lapapong	0	0	0	0
50 Ms. Supaporn Aramtiantamrong	0	61,248	0	0
51 Ms. Amporn Panyadilok	0	0	0	0

Remark: ¹ Including spouse and minor children

² Resigned from the Company with effect from February 1, 2011 onwards

³ Resigned from the Company with effect from January 1, 2011 onwards

Attachment 3

Details of Directors in Subsidiaries

Details of Directors of Subsidiary Companies as of December 31, 2010

	Name	Subsidiary Companies						
		TISCO BANK	TISCO SEC	TISCO ASSET	HI-WAY	TISCO IT	TTL	TISCO LEASE ^{/2}
1	Mr. Pliu Mangkornkanok	C,D	-	-	-	-	-	-
2	Mr. Hon Kit Shing (Mr. Alexander H. Shing)	D,E	-	-	-	-	-	-
3	Ms. Oranuch Apisaksirikul ^{/3}	D,CE	-	-	-	C,D	-	-
4	Assoc.Prof.Dr.Angkarat Priebjrivat	I,CA	-	-	-	-	-	-
5	Ms. Panada Kanokwat	I,A	-	-	-	-	-	-
6	Prof. Dr. Pranee Tinakorn	I,A	-	-	-	-	-	-
7	Mr. Hirohiko Nomura	D,E	-	-	-	-	-	-
8	Mr. Suthas Ruangmanamongkol	D,E,Pr ¹	-	D ^{/4}	-	D	-	-
9	Mr. Pichai Chanvirachart	D	-	-	-	D	-	-
10	Mr. Sathit Aungmanee	-	C,D,A ³	C,D,A ³	-	-	-	-
11	Mr. Sakchai Peechapat	-	D ^{/4}	D ^{/4}	C,D	-	C,D	-
12	Mr. Metha Pingsuthiwong	-	D ^{/4}	-	-	-	-	-
13	Ms. Araya Thirakomen	-	-	D,Pr ¹	-	-	-	-
14	Mr. Paiboon Nalinthrangkum	-	D,CEO ¹	-	-	-	-	-
15	Ms. Yutiga Sonthayanavin	-	-	-	-	D,MD ¹	-	-
16	Mr. Chalit Silpsrikul	-	-	-	D	-	-	-
17	Mr. Chatri Chandrangam	-	D	D	D	-	D	D
18	Mr. Ekkapol Apinun	-	-	-	-	-	-	D
19	Ms. Dulyarat Taveebhol	-	D	D	-	-	-	-
20	Mr. Theeranat Rujimethapass	-	-	D,MD	-	-	-	-
21	Ms. Duangrat Kittivitayakul	-	-	D	-	-	-	-
22	Mr. Supachai Boonsiri	-	-	-	D,MD	-	-	D,MD
23	Mr. Worapan Luanguthai	-	-	-	D	-	-	-
24	Ms. Wanthana chotchaisathit	-	-	-	-	D	-	-
25	Ms. Penjit Taepaisitpong	-	-	-	-	D	-	-
26	Mr. Dejphinun Suthadsanasoung	-	-	-	-	-	D	-
27	Mr. Kuniaki Tanaka	-	-	-	-	-	D,MD	-
28	Mr. Osamu Oike	-	-	-	-	-	D	-
29	Mr. Theerayuth Praserttattanadecho	-	-	-	-	-	-	D
30	Mr. Wittaya Mettaviharee	-	-	-	-	-	-	D

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/2 TISCO Leasing Co., Ltd.is a subsidiary of TISCO Bank Public Co., Ltd.

/3 Ms.Oranuch Apisaksirikul has resigned from Chairman of the Board, Director and Audit Committee Member of TISCO Securities Company Limited and TISCO Asset Management Company Limited since January 28, 2011 and those positions were replaced by Mr.Sathit Aungmanee since then

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C = Chairman
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P = President of Core Company
 Pr = President of Other Subsidiary Companies
 CEO = Chief Executive Officer
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 - = None

Remarks :

TISCO BANK = TISCO Bank Public Co., Ltd.
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Attachment 4

Report of the Audit Committee

Report of the Audit Committee

The Audit Committee of TISCO Financial Group Public Company Limited currently comprises three independent directors:

1. Assoc. Prof. Dr. Angkarat Priebjriwat	Chairperson
2. Miss Panada Kanokwat	Director
3. Prof. Dr. Pranee Tinakorn	Director

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

All members of the Audit Committee attended 12 meetings in Year 2010. Major activities performed by the Committee were as follows:

- **Financial Statements:** Meeting with the external auditor on a quarterly basis to review quarterly and annual financial statements with consideration for the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before recommending to the Board of Directors. Assessing the appropriateness of reserve to prepare for the effects of fluctuations in the business cycles.
- **Internal Control and Audit:** Reviewing internal control system and internal audit works and considering all issues raised by the external auditor and internal audit department. Assessing the independence of internal audit department and approving annual audit plan, strategy, key performance indicators and the Charter of Internal Audit.
- **Regulatory Compliance:** Endorsing annual compliance plan and the Compliance Charter, and acknowledging the compliance activities. Meeting with management to acknowledge the status of regulatory compliance with all necessary rules and regulations, litigation, annual compliance reports and non-compliance issues.
- **External Auditor:** Selecting and nominating the external auditor to the Board of Directors for further recommendation to the shareholders for approval. The Committee proposed the appointment of Ms. Rungnapa Lertsuwankul of Ernst & Young Office Limited as the auditor of the Company and its subsidiaries for the Year 2010. The Committee viewed that Ernst & Young Office Limited is a qualified audit firm with good credentials and proven track records together with a reasonable audit fee.
- **Transactions with Related Parties and Conflicts of Interests:** Meeting with management and the external auditor to review and acknowledge related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations. The Committee viewed that those transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewing and assessing the management's presentation on the effectiveness of risk management system, capital adequacy, operational risk management, and fraud risk management.
- **Others:** Acknowledging the results of external assessment and examinations by related regulators such as the Bank of Thailand and the Securities and Exchange Commission-Thailand, and assessing the Company's corrective actions.

The Audit Committee performed self assessment by comparing the Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices, and opines that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee and as delegated by the Board of Directors.

The Audit Committee has agreed with the external auditor that the Company's financial statements and the disclosure of relevant information are adequate and fairly presented in accordance with generally accepted accounting principles. The Audit Committee also opines that the Company's internal control system is appropriate and efficient and the Company properly follows all necessary rules and regulations imposed by regulatory authorities.

Assoc. Prof. Dr. Angkarat Priebjriwat

(Assoc. Prof. Dr. Angkarat Priebjriwat)
Chairperson of the Audit Committee
January 14, 2011

Attachment 5

Report of the Nomination and Compensation Committee

Report of the Nomination and Compensation Committee

The Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating names of qualified candidates for the positions of directors, members of committees with functions, responsibilities and authorities directly given by the Board of Directors, and top management in TISCO and its subsidiary companies and proposing them to the Board of Directors or shareholder meeting in order to preserve an effective and efficient board and management structure.

The Committee consists of three non-management directors and is chaired by an independent director. Currently, the Committee members are;

1. Ms. Krisna Theravuthi Chairperson of the Nomination and Compensation Committee
2. Mr. Hon Kit Shing Member of the Nomination and Compensation Committee
3. Mr. Hirohiko Nomura Member of the Nomination and Compensation Committee

In 2010, the Nomination and Compensation Committee of TISCO convened 7 meetings with all members attended in person and via conference call, except the last meeting which 1 member was absent, to carry out the following activities:

1. Adopting the Board Performance Self-assessment Guideline and Questionnaires for the year 2009 and 2010 which provided the board an opportunity to reflect on how well the board fulfilled its responsibilities and to identify opportunities for continuous improvement that will increase the board's overall performance and enhance the board's relationship with management;
2. Acknowledging and proposing the results of the Board Performance Self-assessment for the year 2009 to the Board of Directors for ratification and recommending the Board the corrective action to be implemented to enhance board performance;
3. Adopting the Chief Executive Officer Performance Assessment Questionnaires for the year 2009 and 2010 and evaluating and proposing the results of the Chief Executive Officer Performance for the year 2009 to the Board of Directors for acknowledgement;
4. Recommending the revisions to Guideline for Board Composition and Selection Criteria for TISCO Group to the Board of Directors for approval;
5. Recommending number of directors and nominating qualified candidates for director position of TISCO and TISCO Bank for the Board of Directors to recommend the Shareholder Ordinary General Meeting for the year 2010 for approval;
6. Reviewing and ensuring the directors' remuneration to be commensurable with their performance and benchmarking with the industry;
7. Recommending the appointment of members of Executive Board, Audit Committee, Nomination and Compensation Committee, top management of TISCO and TISCO Bank;
8. Recommending the Chairmanship and Vice Chairmanship issues, the appointment of TISCO Honorary Chairman, Chairman of the Board and Vice Chairman of the Board, and the appointment of new director for replacement;
9. Recommending the appointment of the successor of Chief Executive Officer, to ensure stability and continuity of TISCO Group, to the Board of Directors for approval;
10. Recommending the amendment to the authorized signatories of TISCO and TISCO Bank to the Board of Directors for approval;

11. Approving the adoption of TISCO Employee Ownership Program with the principle to maintain and attract the employees of TISCO for long term services and goals and approving the allotment of its first lot of TISCO Synthetic Stock Option ("TSSO"); and
12. Approving the incentive pay and bonus appropriation for the year 2010.

(Ms. Krisna Theravuthi)
Chairperson
The Nomination and Compensation Committee
January 20, 2011

Attachment 6

Evaluation of the Sufficiency of Internal Control System

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

January 20, 2011

This questionnaire was completed by the TISCO Financial Group Plc.'s Board of Directors. It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.

Part 1 Organizational Control and Environment Measure

The term "organizational control and environment" refers to a strong organizational structure and environment, which are significant foundations for an effective internal control system. It is necessary to create an environment or factors that help the Company's internal control system to function as intended. The control environment would encourage staff to realize the importance of the internal control system. The control environment includes management's emphasis on business ethics, the appropriate organizational structure and clear description of duties as well as written policies and guidelines.

Under Consolidated Supervision framework of the Bank of Thailand, TISCO Financial Group Public Company Limited and its subsidiary companies will operate as the single financial group. The parent company will function as the governance company in overseeing, managing, and controlling business operations of all subsidiary companies in TISCO Financial Group, and also be responsible for the Group strategy, corporate governance, risk & controls, and corporate support functions. Subsidiary companies will function as strategic business units (Operating Company), and be responsible for marketing & customer relationship, and transaction processing & credit control activities.

TISCO Corporate Governance Policy has been established to define group governance structure, code of conduct, operating structure, charters of governance bodies, as well as centralized operating policies in various areas for coherent adoption across all subsidiary companies in TISCO Group. The parent company and subsidiary companies of TISCO Group are required to strictly comply with this Corporate Governance Policy.

The internal control system assessment questionnaire has been performed on a group consolidated basis.

- 1.1 Does the Board ensure that the Company develops clear and measurable operating goals to be used as working guidelines for staff?

Yes No

As the parent company of TISCO Group, the Board approves the 3-year rolling business plan of TISCO Group as a guideline for staff and annual budget prepared by the management. The business plan also includes key performance indicators and business targets where the variation from these targets is regularly measured and analyzed. In addition, business performance analysis is regularly reported to the Management and business managers for update on progress and achievement of targets.

- 1.2 Does the Board review the operating goals to ensure that the goals were set circumspectly and all possibilities to achieve the goals were taken into account? Are the staff's incentive or compensation targets reasonable? Is there undue pressure to achieve unrealistic targets that may lead to fraudulent activities, for example, too high a sales target that may encourage window dressing of the sales amount?

Yes No

There is no undue pressure to achieve unrealistic targets as targets are basically formulated and proposed by operational functions. Therefore the targets were anticipated from the functions to be achievable. The targets will also be reviewed periodically, i.e. 6 months or whenever there is significant factor affecting the Group's operations. TISCO also implements incentive system that will reward employees in form of annual bonus based on their performance.

- 1.3 Has the Company's structure been properly organized to help management operate the Company effectively?

Yes No

The Group's structure has been well deployed to support the client-centric business strategies. Business functions have well aligned business directions, which are formulated and implemented for each client segment focus group. These enable different strategic business units to operate their diversified business activities independently in the most effective way, while also remaining focused in the Group common directions, and effectively utilizing group's resources.

- 1.4 Does the Company have a written code of conduct and regulations prohibiting the activities of management and staff that would cause a conflict of interest with the Company? Are there disciplinary procedures for any violations of these regulations?

Yes No

The Employee Code of Conduct is a part of TISCO Group compliance manual which are distributed /communicated to every employees.

- 1.5 Does the Company develop written policies and guidelines for financial transactions, purchasing and general management transactions? Are they appropriate and able to detect fraud?

Yes No

The Company has in place the written policies and guidelines for business units. The Operational Risk Management function proposes operational risk management policies to the Risk Management Committee for approval and enforce across business functions in the group. Meanwhile, each business function will be responsible for its own operational guidelines. For the new business, the operational guideline of new business must be concurred by working team, comprised of Operational Risk Management and Productivity Improvement functions who will ensure the appropriateness in operational efficiency and internal control. Meanwhile, the Compliance function will ensure that the business procedure has complied with related rules and regulations.

- 1.6 Is fairness to counter-parties taken into account in determining the Company's policies and guidelines for the Company's benefit in the long run?

Yes No

The Group emphasizes in customer and business partner satisfaction in its operation in order to strengthen long-term relationship following the Group's policy of being customer's first choice. In addition, the Group strictly follows related customer protection law and ensures that product and service information has been adequately provided to customers through well-trained staff. In monitoring process, the Company will set up incident and complaint management system, so that the Company can resolve any complaints in timely manners. These complaints will be submitted to Compliance & Operation Control Committee for determining the root cause of the problems. Moreover, preventive measures will be developed to reduce any further complaints.

Part 2 Risk Management Measures

The Company faces a variety of business risks from internal to external sources. Examples of internal factors causing risk are lack of integrity and ethics by management; and failure by the working system and monitoring to cope with rapid business expansion. External risk factors include changes in technology or consumer behavior, which erode market share. To deal with these risks, management has to carry out the following duties regularly:

- (1) Identify risks
- (2) Analyze risks, concentrating on various scenarios and their effects.
- (3) Manage risks

2.1 Does the Company regularly assess both internal and external risk factors that materially affect the Company's businesses?

- Yes No

The Company regularly performs risk assessment through Risk Management Committee and other supporting functions. Planning and Budgeting function constantly assesses internal and external risk factors from strategic and business stand point of the Group while Risk Management function regularly assesses financial risks, particularly in the areas of credit, market, and liquidity risks of the Group. In addition, operational risk has been regularly assessed by Operational Risk Management function.

2.2 Does the Company analyze its businesses to identify situations that cause risk?

- Yes No

Businesses are analyzed in an ongoing basis in order to identify situations that cause risks. While business strategy and action plan revisit is performed semiannually, risks from business activities are analyzed and reported for the Risk Management Committee review in an ongoing basis.

2.3 Does the Company have mechanisms to deal with risks and measures to mitigate them?

- Yes No

Procedures and systems to measure and integrate all risks have been set up in writing, including policies and guidelines to manage the risks according to the economic and business condition each year across the Group, with the objective to receive returns that is justified for the controlled risks.

2.4 Does the Company communicate risk management strategy to relevant employees for acknowledgement and action?

- Yes No

The Company has documented policies specifying risk management methodologies and strategies which are distributed to relevant employees for acknowledgement and compliance across the Group. Employee awareness to comply with the policies is regularly reinforced with key risk information regularly communicated to relevant employees across the Group.

2.5 Does the Company have monitoring systems to ensure that all departments have complied with prescribed risk management procedures?

- Yes No

The Company follows up compliance to the risk management guidelines and limits on a daily basis. Compliance to the guidelines is also regularly assessed by independent internal auditors through established procedures.

Part 3 Management Control Activities

Management control activities are integral procedures that help ensure management directives are carried out.

The control activities include:

- (1) appropriate authorization and approvals
- (2) segregation of duties
- (3) Proper procedures for transactions executed with major shareholders, directors, management and related persons to protect the Company from improper transfer of benefits
- (4) Compliance with applicable laws and regulations

3.1 Does the Company have a clear, written scope of authority and approval limits?

- Yes No

The Company has a clear power of attorney to provide written scope of authority and approval limits for employees to act on behalf of the Company.

3.2 Is there a complete segregation of the following duties for crossed-checks (1) approval (2) accounting records and information (3) custody of assets?

- Yes No

The duties of approval, accounting records and custody of assets are separately responsible by business function, accounting function and processing & settlement function of TISCO Bank, respectively. Moreover there are specific committees to control risk in any aspects, e.g. Risk Management Committee, Credit Committee and Problem Loan Committee (for credit granting subsidiaries), in separation of business function.

3.3 Does the Company have adequate procedures to ensure that transactions with major shareholders, directors, management or related persons are properly approved as required?

- Yes No No such cases

As the Group's transactions with major shareholders, directors, management or related persons are on arm's length basis, they are then processed through the same procedures as other clients are. The Group also discloses such information for transparency in accordance with the principles of good corporate governance and the Group's related party transaction policy. If a director has a personal interest in a matter, the director shall disclose the interest to the board, excuse himself or herself from participation in the discussion and shall not vote on the matter.

3.4 Are only persons without conflict of interest authorized to approve the transactions mentioned in 3.3?

- Yes No No such cases

3.5 Is approval for transactions in 3.3 made on "an arm's length" basis and for maximum benefit of the Company?

- Yes No No such cases

3.6 Are there measures to ensure that terms and conditions are complied with throughout the contract period (for example, timely loan repayment and revision of contract) in cases where long-term transactions with related persons are approved (for example, purchase and sale agreement, loan and guarantee)?

- Yes No No such cases

3.7 Do the procedures for transactions mentioned in 3.3 cover cases whereby major shareholders, directors, management or related persons might have used opportunities or benefits of the Company for themselves?

Yes No No such cases

3.8 In the case where the Company has investments in subsidiaries and related companies, does the Company monitor the operation of subsidiaries and related companies regularly as well as set policy directions for persons nominated by the Company to be directors or management of such companies?

Yes No No such cases

Similar to the Group's standard of performance monitoring, the operation of subsidiaries has been monitored with clearly defined business strategies while key performance indicators and business targets have also been set in alignment with the Group's business direction. The Company exercises managerial control over all of its subsidiaries through its respective board of directors, as stipulated in the articles of association of each subsidiary whereby the appointment of directors in all cases shall be approved by the Company, as the wholly-owned shareholder. All subsidiary companies shall be managed under the same Corporate Governance Policy and Operating Policy prescribed by the Company. According to the Group corporate structure, the Company must retain its ability to direct and align the business operations of all subsidiary companies to ensure group success in generating return to shareholders and all other stakeholders of the Group. Moreover, under the group consolidated supervision as set by the Bank of Thailand, the Company is allowed to assign its own management to take care of its subsidiaries' business on a condition that an assigned management shall be accountable for one company's business only at a time, which is the Company's current practice.

3.9 Does the Company have measures to ensure that its operations comply with applicable laws for the purpose of mitigating operational risks and protecting its reputation?

Yes No

The Compliance function ensures that the Company fully complies with related law and regulations, with emphasis on communication with business and operation units together with ongoing review of business operations. The Company has appointed Compliance & Operation Control Committee to advise on compliance issues, complaint management, and operating procedures. Any compliant incidents, which are considered as part of operational risk, are well managed through risk assessment of new business operations, and regular risk review. Moreover, the reporting system of incidents and complaints has been set up to handle and prevent error properly, as well as enable the Company to better understand its ongoing business operations.

3.10 Does the Company have preventive and corrective measures to ensure the non-recurrence of activities that were not in compliance with law, in case the Company used to have such activities?

Yes No No such cases

In case of violation of laws, the Company will preliminarily investigate the cause of violation while also reviewing the operations and compliance processes in order to prevent such violations from recurring in the future. Consequently, the Compliance function will monitor the corrective actions and report the result to the Compliance & Operation Control Committee and the Audit Committee, respectively. If the Company or the management does not take remedial action within the time that the Audit Committee proposed, the Audit Committee shall disclose such infringement in annual report and report to the Bank of Thailand, the Securities and Exchange Commission or the Stock Exchange of Thailand.

Part 4 Information and Communication Measures

To carry out their responsibilities carefully, Board members, management, shareholders or other related persons need to make decisions based on accurate and adequate information, both financial and general. Therefore, effective communication with related parties is essential and supports an efficient internal control system. Information should be:

- (1) instructive
- (2) complete
- (3) up-to-date
- (4) in an easy to understand format
- (5) well-arranged

4.1 Does the Company provide sufficient and relevant information on issues to the Board of Directors for their consideration and decisions? (Such information includes details, reasons, effects and options.)

- Yes No

The Company has clear procedures that the Executive Board, authorized by the Board of Directors, will monitor business operations of the Group. The Executive Board will then assign Management to perform part of the Executive Board's responsibilities. Management will regularly report their activities and provide adequate information required by the Executive Board for decision making on a monthly basis. The Executive Board will propose the matters to the Board of Directors for acknowledgement or approval.

4.2 Do Board members receive advance notice of the meeting and documents, which contain relevant and sufficient details for consideration at the meeting, at least within the minimum number of days required by law?

- Yes - average 7 days before meeting No

The Company shall send a notice of meeting and related documents to Board members for consideration not less than 7 days in advance of the date of the meeting with the exception in the case of urgency such as an immediate report from government agencies which the Company receives very close to the meeting date.

4.3 Do minutes of the Board's meetings contain sufficient information for the shareholders to oversee the activities of the Board members? The information includes the Board members' inquiries, opinions and observations as well as the opinions of members who do not agree with the proposed recommendations, along with their reasons.

- Yes No

The Board members' observations, inquiries, opinions and resolutions are always included in the minutes of the Board's meetings.

4.4 Does the Company maintain complete and categorized accounting records and documents and never receive report from the auditors regarding any related deficiency? If any, has it been corrected?

- Yes No

The auditors have never reported any deficiency in accounting records.

4.5 Does the Board consider whether the management has already adopts generally accepted accounting principles suitable for the Company's business type and not adopt ones that might cause the Company to report incorrect operating results?

- Yes No

The Board of Directors emphasize that the Group must adopt conservative framework as its principle accounting policy. The Audit Committee in cooperation with the auditor evaluate and consider whether the accounting policy adopted by the management is in accordance with generally accepted accounting principles and suitable to the nature of businesses. This is to assure that the Group's financial statements are accurate, complete and reliable.

Part 5 Monitoring

To operate effectively and efficiently, the Company has to monitor on an ongoing basis to ensure that predefined objectives are achieved, internal controls systems are functioning, improvements are made in association with changing situations and deficiencies are resolved in a timely fashion.

5.1 Does the Board compare the actual operational results with the predefined business plan?

Yes No No such cases

The Management reports business performance and financial results compared with predefined business targets to the Executive Board on a monthly basis, and the Board on a bi-monthly basis.

5.2 Does the Company take corrective and timely action in cases where there is variance between the predefined plan and actual results?

Yes No No such cases

The Executive Board reviews business performance with Management on a monthly basis. In addition, the Group's business committee, comprising of senior management and business line managers, regularly monitors and reviews business performance in the monthly Business Committee meeting. Any significant deviation of the results from predefined business plans will be identified and discussed so that any corrective actions can be performed promptly.

5.3 Have periodic evaluations of internal control systems been conducted?

Yes No

The internal control systems of each business processes and activities as well as computerized information system have been evaluated by internal auditors periodically.

5.4 Do the internal auditors report their audit results directly to the Board or Audit Committee to ensure that internal auditors are able to work independently and report the audit results openly?

Yes No No such cases

Internal Audit department, an independent function, performs audit activities and reports audit results directly to the Audit Committee. The Audit Committee will then consider the matters and recommend on corrective action to management as well as follow up the disposition and report to the Board of Directors periodically.

5.5 Are significant deficiencies, if founded, reported directly to the Board/Audit Committee for corrective and timely action?

Yes No No such cases

The internal auditors shall inform and discuss with the management about their findings and corrective action to be taken. The audit results together with management's response shall instantly be reported to the Audit Committee for additional advice, if any.

5.6 Does the Company have to report the progress of corrective action taken to the Board/Audit Committee?

Yes No

It is reported to the Audit Committee continuously and systematically. The Audit Committee, in turn, will present report summaries to the Board continuously.

5.7 Does the Company have a policy for management to report immediately to the Board in cases of fraud or suspected fraud, activities that are not in compliance with the law and other abnormal activities which might have a material impact on the Company's reputation or financial position?

Yes No No such cases

The management will report cases of fraud or suspected fraud, lawsuit filed and other concerns related to the business operation to Compliance & Operation Control Committee for immediate corrections. The Senior Management shall assist in making decision on corrective actions with support from operational risk management, compliance, legal, audit, and human resource functions.

Attachment 7

**Statement of the Board of Directors' Responsibility for Financial Statements
and Auditor's Report and Financial Statements**

Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of TISCO Financial Group Public Company Limited is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and best accounting estimates. All material information has been sufficiently disclosed in the notes to financial statements. These financial statements also have been made in compliance with the stipulations of the Notification of the Bank of Thailand, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The financial statements have been audited and expressed with unqualified audit opinion by an independent auditor, which reflected fair and transparent financial position and operating performance that is useful information for shareholders and general investors.

The Board of Directors has established effective risk management and internal control systems to ensure that the reliability and completeness of financial information are in place, with the ability to protect the Company's assets, as well as identifying the weaknesses of operation in order to adequately prevent operational risk.

In this regard, the Board of Directors has appointed the Audit Committee, comprising independent directors, to oversee qualitative aspects of financial reporting and internal control systems. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this annual report.

The Board of Directors views that the Company's internal control systems are satisfactory and provide reasonable assurance as to the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of December 31, 2010.

Pliu Mangkornkanok
(Mr. Pliu Mangkornkanok)
Chairman of the Board

Oranuch Apisaksirikul
(Ms. Oranuch Apisaksirikul)
Group Chief Executive Officer

**TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES REPORT AND FINANCIAL STATEMENTS FOR THE
YEARS ENDED 31 DECEMBER 2010 AND 2009**

Report of Independent Auditor

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated balance sheet of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the separate financial statements of TISCO Financial Group Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries and the separate financial statements of TISCO Financial Group Public Company Limited as at 31 December 2009 and for the year then ended, as presented herein for comparative purposes, were audited by another auditor of our firm who, under his report dated 8 February 2010, expressed an unqualified audit opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2010, and the results of their operation, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Rungnapa Lertsuwankul

Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 4 February 2011

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Cash		903,306,075	826,526,233	50,000	50,000
Interbank and money market items	3.2				
Domestic					
Interest bearing		11,488,628,233	10,452,308,437	393,553,928	426,404,500
Non-interest bearing		999,683,327	2,191,309,753	-	-
Foreign					
Interest bearing		57,018,254	64,626,083	-	-
Non-interest bearing		73,279	-	-	-
Total interbank and money market items - net		12,545,403,093	12,708,244,273	393,553,928	426,404,500
Investments	3.3,3.4,3.7				
Current investment - net		2,624,873,779	2,628,124,929	-	-
Long-term investment - net		3,856,130,706	6,809,821,841	-	-
Investment in subsidiaries - net		-	-	14,879,285,232	15,369,421,314
Net investments		6,481,004,485	9,437,946,770	14,879,285,232	15,369,421,314
Receivable from clearing house		342,549,116	139,724,828	-	-
Loans, receivables and accrued interest receivable	3.5,3.7				
Loans and receivables		149,730,796,913	113,232,976,867	1,281,000,000	1,475,000,000
Securities and derivatives business receivables		1,293,961,355	1,016,338,987	-	-
Total loans and receivables		151,024,758,268	114,249,315,854	1,281,000,000	1,475,000,000
Accrued interest receivable		133,878,808	116,856,703	-	-
Total loans, receivables and accrued interest receivable		151,158,637,076	114,366,172,557	1,281,000,000	1,475,000,000
Less: Allowance for doubtful accounts	3.6	(4,162,021,676)	(2,425,265,350)	-	-
Less: Allowance for loss on debt restructuring		(2,967)	(18,258)	-	-
Net loans, receivables and accrued interest receivable		146,996,612,433	111,940,888,949	1,281,000,000	1,475,000,000
Property foreclosed - net	3.7, 3.8	21,397,254	49,170,844	-	-
Land, premises and equipment - net	3.9	1,466,874,240	1,558,671,038	706,055,360	727,931,989
Deferred tax assets	3.20	1,242,502,525	696,617,396	167,865,482	86,136,513
Dividend receivables from subsidiaries		-	-	1,589,242,490	623,695,245
Other assets	3.10	1,407,899,326	1,446,564,262	218,729,303	101,961,009
Total assets		171,407,548,547	138,804,354,593	19,235,781,795	18,810,600,570

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Deposits in baht	3.11	48,535,599,021	56,808,482,590	-	-
Interbank and money market items					
Domestic - Interest bearing	3.12	10,842,764,888	6,380,215,568	-	210,000,000
Liability payable on demand		532,447,850	345,170,135	-	-
Borrowings	3.13				
Short-term borrowings		75,313,442,950	53,698,938,646	3,345,075,040	3,989,392,156
Long-term borrowings		15,460,403,568	5,429,750,030	-	-
Total borrowings		90,773,846,518	59,128,688,676	3,345,075,040	3,989,392,156
Payable to clearing house		18,614,586	192,815,085	-	-
Securities and derivative business payables		1,610,686,492	958,531,546	-	-
Accrued interest payable		462,130,347	263,481,507	8,653,952	9,062,415
Corporate income tax payable		942,102,626	704,302,092	108,574,180	68,672,484
Accrued expenses		1,147,963,205	395,167,797	436,765,803	182,971,224
Other liabilities	3.14	1,684,166,043	1,108,782,901	62,949,197	44,953,492
Total liabilities		156,550,321,576	126,285,637,897	3,962,018,172	4,505,051,771

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered	2.2	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and fully paid-up - registered					
35,358 preference shares of Baht 10 each (2009: 698,558 preference shares of Baht 10 each)		353,580	6,985,580	353,580	6,985,580
727,876,728 ordinary shares of Baht 10 each (2009: 726,165,221 ordinary shares of Baht 10 each)		7,278,767,280	7,261,652,210	7,278,767,280	7,261,652,210
		7,279,120,860	7,268,637,790	7,279,120,860	7,268,637,790
Issued and fully paid-up - awaiting to register					
2009: 9,208 ordinary shares of Baht 10 each	4.1	-	92,080	-	92,080
Share premium					
Share premium of preference shares		-	-	311,150	6,147,310
Share premium of ordinary shares		-	-	6,012,804,262	6,002,125,900
		-	-	6,013,115,412	6,008,273,210
		7,279,120,860	7,268,729,870	13,292,236,272	13,277,003,080
Adjustment from business combination of entities					
under common control under holding restructuring plan	4.1	679,266,166	672,294,885	-	-
Revaluation surplus (deficit) on investments	3.16	292,655,210	(37,792,840)	-	-
Unrealised losses on cash flow hedges		(6,553,855)	(21,924,048)	-	-
Translation adjustment	1.2	80,835,492	86,441,426	-	-
Retained earnings					
Appropriated-statutory reserve	2.3	212,600,000	119,800,000	212,600,000	119,800,000
Unappropriated		6,235,417,252	4,342,447,016	1,768,927,351	908,745,719
Equity attributable to the Company's shareholders		14,773,341,125	12,429,996,309	15,273,763,623	14,305,548,799
Non-controlling interest - equity attributable to					
minority shareholders of subsidiaries		83,885,846	88,720,387	-	-
Total shareholders' equity		14,857,226,971	12,518,716,696	15,273,763,623	14,305,548,799
Total liabilities and shareholders' equity					
		171,407,548,547	138,804,354,593	19,235,781,795	18,810,600,570
Off-balance sheet items - contingencies					
Aval to bills and guarantees of loans	3.25	194,136,067	21,651,000	-	-
Other commitments		1,729,057,346	2,482,668,465	-	-

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



Mrs. Oranuch Apisaksirkul
(Group Chief Executive Officer)



บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited



Mr. Suthas Ruangmanamongkol
(Director)

TISCO Financial Group Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Interest and dividend income					
Loans		1,632,435,697	1,262,275,128	36,105,795	8,519,952
Interbank and money market items		199,482,163	150,391,904	3,878,415	4,345,915
Hire purchase and financial lease income		7,163,020,153	6,426,676,655	-	-
Investments		524,999,724	633,313,336	1,590,712,490	2,076,681,067
Total interest and dividend income		9,519,937,737	8,472,657,023	1,630,696,700	2,089,546,934
Interest expenses					
Deposits		811,560,670	1,098,196,246	-	-
Interbank and money market items		209,992,431	198,309,461	189,055	69,165,493
Short-term borrowings		889,981,683	915,794,785	59,808,241	24,652,083
Long-term borrowings		403,732,674	279,455,206	-	-
Total interest expenses		2,315,267,458	2,491,755,698	59,997,296	93,817,576
Net interest and dividend income		7,204,670,279	5,980,901,325	1,570,699,404	1,995,729,358
Bad debts and doubtful accounts		(1,933,403,407)	(1,547,877,882)	-	-
Net interest and dividend income after bad debts and doubtful accounts		5,271,266,872	4,433,023,443	1,570,699,404	1,995,729,358
Non-interest income					
Brokerage fees		706,283,050	546,735,454	-	-
Gain (loss) on investments	3.17	210,024,942	9,718,435	(5,370,257)	(104,292,703)
Fees and service income					
Acceptances, aval and guarantees		10,428,089	9,850,231	-	-
Insurance services		820,610,910	613,151,980	-	-
Fund management		608,934,582	574,047,897	-	-
Financial advisory fee		163,511,844	10,855,580	-	-
Supporting services	3.23	-	-	1,348,979,211	1,091,000,000
Others		613,922,757	554,729,784	587,111	949,773
Gain (loss) on exchange		(2,267,363)	9,197,728	-	-
Other income	3.18	745,020,256	544,768,493	94,191,176	60,441,395
Total non-interest income		3,876,469,067	2,873,055,582	1,438,387,241	1,048,098,465
Total net income		9,147,735,939	7,306,079,025	3,009,086,645	3,043,827,823

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

TISCO Financial Group Public Company Limited and its subsidiaries

Income statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Non-interest expenses					
Personnel expenses		2,760,453,179	2,054,827,100	681,852,222	394,470,934
Premises and equipment expenses		706,708,824	698,959,730	252,667,964	105,106,051
Taxes and duties		154,304,314	117,550,903	3,369,884	1,792,547
Fees and service expenses		359,172,341	334,492,576	12,508,352	10,649,114
Directors' remuneration	2.4	9,380,000	7,985,000	9,380,000	7,985,000
Contributions to the Deposit Protection Agency		255,951,764	228,752,550	-	-
Advertising and promotion expenses		376,800,820	146,776,990	3,705,097	1,469,546
Other expenses	3.19	366,329,752	871,544,188	62,914,576	24,385,366
Total non-interest expenses		4,989,100,994	4,460,889,037	1,026,398,095	545,858,558
Income before income tax		4,158,634,945	2,845,189,988	1,982,688,550	2,497,969,265
Income tax expenses	3.20	(1,256,162,798)	(840,440,709)	(127,227,674)	(103,679,905)
Net income for the year		2,902,472,147	2,004,749,279	1,855,460,876	2,394,289,360
Net income attributable to					
Equity holders of the parent		2,888,246,737	1,988,393,387	1,855,460,876	2,394,289,360
Non-controlling interests of the subsidiaries		14,225,410	16,355,892		
		<u>2,902,472,147</u>	<u>2,004,749,279</u>		
Earnings per share					
Basic earnings per share	3.22				
Net income attributable to equity holders of the parent		3.97	2.62	2.55	3.18

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Income before income tax expenses	4,158,634,945	2,845,189,988	1,982,688,550	2,497,969,265
Adjustments to reconcile income before income tax expenses to net cash provided by (paid from) operating activities				
Depreciation and amortisation	349,872,542	316,762,346	108,813,604	65,426,354
Bad debts and doubtful accounts	2,585,631,197	2,083,500,371	-	-
Allowance for impairment of investments	14,429,434	6,265,109	5,370,257	104,292,703
Allowance for impairment of property foreclosed	257,000	494,780,383	-	-
Gain on disposal of investments	(211,458,536)	(333,623)	-	-
Unrealised loss on exchange (reversal)	2,267,363	(9,197,728)	-	-
Gain on disposal of land, premises and equipment	(39,511,247)	(11,424,816)	(26,685,659)	-
Loss on written-off of equipment	124,292	7,736,445	-	-
Unrealised gain on securities for trading	(12,995,840)	(15,649,920)	-	-
Gain on disposal of property foreclosed	(205,901,888)	(179,206,965)	-	-
Increase in other accrued income	(17,764,346)	(35,650,627)	(74,557,631)	(276,003)
Increase in accrued expenses	688,487,079	254,937,107	300,897,157	139,314,363
Income from operating activities before changes in operating assets and liabilities	7,312,071,995	5,757,708,070	2,296,526,278	2,806,726,682
Decrease (increase) in operating assets				
Interbank and money market items	162,836,129	1,896,213,615	32,850,572	(398,412,413)
Investment in securities for trading	-	17,699,396	-	-
Receivable from clearing house	(202,824,288)	(139,724,128)	-	-
Loans and receivables	(38,554,491,525)	(12,598,373,351)	194,000,000	(1,475,000,000)
Securities and derivatives business receivables	(277,622,368)	(348,966,054)	-	-
Property foreclosed	1,822,781,702	2,443,709,501	-	-
Other assets	(92,649,529)	(94,501,332)	(86,734,175)	(95,016,004)

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (decrease) in operating liabilities				
Deposits	(8,272,883,569)	(2,014,134,917)	-	-
Interbank and money market items	4,463,970,534	659,457,449	(210,000,000)	(2,390,000,000)
Liability payable on demand	187,277,715	(151,570,462)	-	-
Short-term borrowings	24,613,036,864	2,062,421,294	(644,317,116)	3,989,392,156
Payable to clearing house	(174,200,498)	(146,326,094)	-	-
Securities and derivative business payables	652,154,946	666,340,706	-	-
Other liabilities	504,530,507	(192,582,354)	(29,106,871)	(183,569,638)
	<u>(7,856,011,385)</u>	<u>(2,182,628,661)</u>	<u>1,553,218,688</u>	<u>2,254,120,783</u>
Net interest and dividend income	(7,204,670,279)	(5,980,901,325)	(1,570,699,404)	(1,995,729,358)
Cash received from interest income	9,109,946,850	8,839,187,778	39,912,265	12,844,497
Cash paid for interest expenses	(2,116,522,871)	(3,450,104,868)	(60,405,759)	(84,755,161)
Cash paid for income tax expenses	(1,556,865,587)	(574,730,003)	(169,054,948)	(121,182,360)
Net cash flows from (used in) operating activities	<u>(9,624,123,272)</u>	<u>(3,349,177,079)</u>	<u>(207,029,158)</u>	<u>65,298,401</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(5,334,274,147)	(6,530,727,692)	-	-
Cash received from disposal of investment in securities held for investment	8,944,429,625	8,249,823,586	-	-
Cash paid for purchase of equipment	(196,026,716)	(179,768,206)	(75,597,250)	(13,049,750)
Cash received from sales of land, premises and equipment	77,297,454	31,189,922	59,941,391	-
Cash received from dividend	86,909,471	77,593,225	625,165,244	1,452,985,822
Cash paid for decrease in ordinary shares	-	-	-	(10,000)
Cash paid in respect of capital increases and acquisition of subsidiaries (Note 4.2)	(933)	(890,321,287)	(933)	(890,321,287)
Cash paid for acquisition of the remaining ordinary shares in accordance with the Group shareholding restructuring plan (Note 4.1)	-	(1,768,289)	-	(1,768,289)
Cash received from share capital reduction of subsidiaries and capital returned from a subsidiary (Note 4.3.2)	-	7,185,990	499,999,950	748,800,000
Net cash flows from investing activities	<u>3,578,334,754</u>	<u>763,207,249</u>	<u>1,109,508,402</u>	<u>1,296,636,496</u>
Cash flows from financing activities				
Dividend paid	(902,479,244)	(1,367,827,404)	(902,479,244)	(1,361,884,897)
Long-term borrowings	8,030,653,538	518,750,030	-	-
Cash paid for the redemption of long-term debentures and debt instruments	(3,000,000,000)	(331,000,000)	-	-
Cash received from issue long-term debentures and debt instruments	2,000,000,000	4,000,000,000	-	-
Net cash flows from (used in) financing activities	<u>6,128,174,294</u>	<u>2,819,922,626</u>	<u>(902,479,244)</u>	<u>(1,361,884,897)</u>
Translation adjustment	<u>(5,605,934)</u>	<u>(2,996,910)</u>	<u>-</u>	<u>-</u>
Net increase in cash	<u>76,779,842</u>	<u>230,955,886</u>	<u>-</u>	<u>50,000</u>
Cash at beginning of year	826,526,233	595,570,347	50,000	-
Cash at end of year	<u>903,306,075</u>	<u>826,526,233</u>	<u>50,000</u>	<u>50,000</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Conversion of preference shares to ordinary shares	12,468,160	1,827,286,680	12,468,160	1,827,286,680
Issuance securities for swap ordinary shares under holding restructuring under common control (Note 4.1)	15,233,192	33,228,091	15,233,192	33,228,091

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements												
	Equity attributable to the parent's shareholders										Total		
	Issued and fully paid-up share capital (Consist of registered part and awaiting to be registered part)			Adjustment from business combination of entities under common control under holding restructuring plan		Revaluation surplus (deficit) on investments	Unrealised losses on cash flow hedges	Translation adjustment	Statutory reserve	Unappropriated retained earnings		Total equity attributable to the parent's shareholders	Non-controlling interest - equity attributable to minority shareholders of subsidiaries
	Preference shares	Ordinary shares											
Balance as at 31 December 2009	6,985,580	7,261,744,290	672,294,885	(37,792,840)	(21,924,048)	86,441,426	119,800,000	4,342,447,016	12,429,996,309	88,720,387		12,518,716,696	
Income (expenses) recognised in equity:													
Increase in fair value of investments	-	-	-	456,256,742	-	-	-	-	456,256,742	-	456,256,742		
Unrealised gains on cash flow hedges	-	-	-	-	21,957,419	-	-	-	21,957,419	-	21,957,419		
Increase in translation adjustment	-	-	-	-	-	(5,605,934)	-	-	(5,605,934)	-	(5,605,934)		
Deferred tax recognised in (transferred out) from shareholder's equity	-	-	-	(125,808,692)	(6,587,226)	-	-	-	(132,395,918)	-	(132,395,918)		
Income (expenses) recognised in equity	-	-	-	330,448,050	15,370,193	(5,605,934)	-	-	340,212,309	-	340,212,309		
Net income for the year	-	-	-	-	-	-	-	2,888,246,737	2,888,246,737	14,225,410	2,902,472,147		
Total income (expenses) for the year	-	-	-	330,448,050	15,370,193	(5,605,934)	-	2,888,246,737	3,228,459,046	14,225,410	3,242,684,456		
Dividend paid (Note 4.4)	-	-	-	-	-	-	-	(902,475,325)	(902,475,325)	-	(902,475,325)		
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,176)	(1,176)	-	(1,176)		
Transfer unappropriated retain earning to statutory reserve	-	-	-	-	-	-	92,800,000	(92,800,000)	-	-	-		
Preference shares converted to ordinary shares	(6,632,000)	6,632,000	-	-	-	-	-	-	-	-	-		
Adjustment from business combination of entities under common control under holding restructuring plan (Note 4.1)	-	10,390,990	6,971,281	-	-	-	-	-	17,362,271	(17,362,271)	-		
Decrease in non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	(1,697,680)	(1,697,680)		
Balance as at 31 December 2010	353,580	7,278,767,280	679,266,166	292,655,210	(6,553,855)	80,835,492	212,600,000	6,235,417,252	14,773,341,125	83,885,846	14,857,226,971		

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements												
	Equity attributable to the parent's shareholders										Total		
	Issued and fully paid-up share capital (Consist of registered part and awaiting to be registered part)			Adjustment from business combination of entities under common control under holding restructuring plan		Revaluation surplus (deficit) on investments	Unrealised losses on cash flow hedges	Translation adjustment	Statutory reserve	Unappropriated retained earnings		Total equity attributable to the parent's shareholders	Non-controlling interest - equity attributable to minority shareholders of subsidiaries
	Preference shares	Ordinary shares											
Balance as at 31 December 2008	1,834,272,260	5,411,801,790	656,755,136	(398,991,796)	-	78,101,573	-	3,835,778,528	11,417,717,491	118,320,307		11,536,037,798	
Income (expenses) recognised in equity													
Increase in fair value of investments	-	-	-	479,726,695	-	-	-	-	479,726,695	-	479,726,695		
Unrealised losses on cash flow hedges	-	-	-	-	(31,320,069)	-	-	-	(31,320,069)	-	(31,320,069)		
Increase in translation adjustment	-	-	-	-	-	8,339,853	-	-	8,339,853	-	8,339,853		
Deferred tax recognised in (transferred out)													
from shareholder's equity	-	-	-	(118,527,739)	9,396,021	-	-	-	(109,131,718)	-	(109,131,718)		
Income (expenses) recognised in equity	-	-	-	361,198,956	(21,924,048)	8,339,853	-	-	347,614,761	-	347,614,761		
Net income for the year	-	-	-	-	-	-	-	1,988,393,387	1,988,393,387	16,355,892	2,004,749,279		
Total income (expenses) for the year	-	-	-	361,198,956	(21,924,048)	8,339,853	-	1,988,393,387	2,336,008,148	16,355,892	2,352,364,040		
Dividend paid (Note 4.4)	-	-	-	-	-	-	-	(1,361,884,897)	(1,361,884,897)	(5,942,507)	(1,367,827,404)		
Income tax from unpaid dividend	-	-	-	-	-	-	-	(40,002)	(40,002)	-	(40,002)		
Transfer unappropriated retain earning													
to statutory reserve	-	-	-	-	-	-	119,800,000	(119,800,000)	-	-	-		
Decrease ordinary shares	-	(10,000)	-	-	-	-	-	-	(10,000)	-	(10,000)		
Preference shares converted to ordinary shares	(1,827,286,680)	1,827,286,680	-	-	-	-	-	-	-	-	-		
Adjustment from business combination of entities													
under common control under holding													
restructuring plan (Note 4.1)	-	22,665,820	15,539,749	-	-	-	-	-	38,205,569	(38,205,569)	-		
Decrease in non-controlling interest													
of the subsidiaries	-	-	-	-	-	-	-	-	-	(1,807,736)	(1,807,736)		
Balance as at 31 December 2009	6,985,580	7,261,744,290	672,294,885	(37,792,840)	(21,924,048)	86,441,426	119,800,000	4,342,447,016	12,429,996,309	88,720,387	12,518,716,696		

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements								Total
	Issued and fully paid-up share capital - registered		Issued and fully paid-up share capital awaiting for registered		Share premium		Statutory reserve	Unappropriated retained earnings (deficit)	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares			
Balance as at 31 December 2009	6,985,580	7,261,652,210	-	92,080	6,147,310	6,002,125,900	119,800,000	908,745,719	14,305,548,799
Net income for the year	-	-	-	-	-	-	-	1,855,460,876	1,855,460,876
Total income (expenses) recognised for the year	-	-	-	-	-	-	-	1,855,460,876	1,855,460,876
Dividend paid (Note 4.4)	-	-	-	-	-	-	-	(902,479,244)	(902,479,244)
Transfer unappropriated retain earnings to statutory reserve	-	-	-	-	-	-	92,800,000	(92,800,000)	-
Issuance of ordinary shares to the shareholders under common control under holding restructuring plan (Note 4.1)	-	10,390,990	-	-	-	4,842,202	-	-	15,233,192
Registered the issuance of preference shares and ordinary shares to the shareholders under common control under holding restructuring plan	-	92,080	-	(92,080)	-	-	-	-	-
Preference shares converted to ordinary shares	(6,632,000)	6,632,000	-	-	(5,836,160)	5,836,160	-	-	-
Balance as at 31 December 2010	353,580	7,278,767,280	-	-	311,150	6,012,804,262	212,600,000	1,768,927,351	15,273,763,623

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements								Total
	Issued and fully paid-up share capital - registered		Issued and fully paid-up share capital awaiting for registered		Share premium		Statutory reserve	Unappropriated retained earnings (deficit)	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares			
Balance as at 31 December 2008	-	10,000	1,834,272,260	5,411,791,790	1,614,159,589	4,383,551,350	-	(3,820,319)	13,239,964,670
Net income for the year	-	-	-	-	-	-	-	2,394,289,360	2,394,289,360
Total income (expenses) recognised for the year	-	-	-	-	-	-	-	2,394,289,360	2,394,289,360
Decrease ordinary shares	-	(10,000)	-	-	-	-	-	-	(10,000)
Dividend paid (Note 4.4)	-	-	-	-	-	-	-	(1,361,884,897)	(1,361,884,897)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(38,425)	(38,425)
Transfer unappropriated retain earnings to statutory reserve	-	-	-	-	-	-	119,800,000	(119,800,000)	-
Issuance of ordinary shares to the shareholders under common control under holding restructuring plan (Note 4.1)	-	22,573,740	-	92,080	-	10,562,271	-	-	33,228,091
Registered the issuance of preference shares and ordinary shares to the shareholders under common control under holding restructuring plan	1,834,272,260	5,411,791,790	(1,834,272,260)	(5,411,791,790)	-	-	-	-	-
Preference shares converted to ordinary shares	(1,827,286,680)	1,827,286,680	-	-	(1,608,012,279)	1,608,012,279	-	-	-
Balance as at 31 December 2009	6,985,580	7,261,652,210	-	92,080	6,147,310	6,002,125,900	119,800,000	908,745,719	14,305,548,799

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

TISCO Financial Group Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009

1. Basis of preparation and presentation of financial statements and significant accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and also have been prepared in accordance with the principles stipulated by the Office of the Securities and Exchange Commission and the Bank of Thailand (“BOT”) since the Company is the holding company that has received approval from the BOT to be a parent of a financial business group.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 3 August 2008 “Preparation and presentation of a commercial bank and a holding company which is the parent company of the financial business group”.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

1.2 Basis of consolidation

- a) The consolidated financial statements of TISCO Group include the financial statements of TISCO Financial Group Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) as mentioned in Note 3.1 to the financial statements.
- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of TISCO Tokyo Leasing Company Limited are included in the consolidated financial statements, even though the Company holds 49% of equity, because the Company has management control of this company by virtue of having more than half of the votes of the Board of Directors.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent significant accounting policies.
- e) The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing average exchange rates as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of “Translation adjustment” in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

1.3 Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2011 (except for the Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Accounting standards relevant to the Group:

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

Accounting standards not relevant to the Group:

TAS 2 (revised 2009)	Inventories
TAS 11 (revised 2009)	Construction Contracts
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TFRS 2	Share-Based Payment
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

- b) Accounting standards which are effective in fiscal years beginning on or after 1 January 2013:

Accounting standards relevant to the Group:

TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting standard not relevant to the Group:

TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
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The management of the Company and its subsidiaries has assessed the effect of the accounting standards and financial reporting standards and believes that those standards that are relevant to the Group will not have any significant impact on the financial statements for the year in which they are initially applied.

TAS 19: Employee Benefits, (as discussed in the next paragraph) will impact the financial statements in the year when it is adopted. In addition, for TAS 12: Income Taxes, in line with its accounting policies, the Company and its subsidiaries have recorded income tax transactions in compliance with this accounting standard before the effective date.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company and its subsidiaries accounts for such employee benefits when they are incurred.

The management of the Company and its subsidiaries has assessed the effect of adopting such standard in 2011 and chosen to record all employee benefits liabilities as an adjustment to the beginning balance of retained earnings of the year 2011. As a result, these transactions will have the effect of decreasing the beginning balance of retained earnings of the year 2011 by Baht 158 million in the consolidated financial statements and Baht 40 million in the separate financial statements.

1.4 Significant accounting policies

1.4.1 Income recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase and financial lease income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For hire purchase and financial lease accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and interest then recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue by more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an “accrual basis” when the overdue amounts are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans.

b) Interest and dividends on investment in securities

Interest on investment is recognised as income on an accrual basis. Dividends from securities are recognised as income when the right to receive the dividend is established.

c) Brokerage fee

Brokerage on securities and derivative trading is recognised as income on the transaction dates.

- d) Gain (loss) on trading in securities and derivatives

Gains (losses) on trading of investments in securities and derivatives are recognised as income/expenses on the transaction dates.

- e) Fees and service income

Fees and service income are recognised as income on an accrual basis.

1.4.2 Expense recognition

- a) Interest expenses

Interest expenses are charged to expense on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

- b) Commissions and direct expenses of the hire purchase business

The subsidiaries recorded the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2007, by the effective interest rate method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements, and recorded as expenses when occurred for hire purchase contract originated before 1 January 2007.

Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.4.3 Investments in securities

- a) Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining income.

- b) Investments in available-for-sale securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

- c) Investments in debt securities, both due within one year and expected to be held to maturity, are stated at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment (if any).
- e) Investments in subsidiaries which present in the separate financial statements are determined at cost net of allowance for impairment (if any).
- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- g) The subsidiary company does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.
- i) The subsidiary company will record losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining income.
- j) The moving average method is used for computation of the cost of investments.

- k) In the event the subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

1.4.4 Investments in receivable purchased or transferred in

Investments in receivable purchased or transferred in, which are classified as other investments, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in determining income.

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

1.4.5 Securities purchased under resale agreements according to private repurchase transactions

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

Under securities purchase under resale agreements according to private repurchase transactions, the subsidiary company obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

Differences between the acquisition price and the selling price are recognised on an accrual basis over the term of the transaction by the effective interest method, and are presented as interest income.

1.4.6 Receivable from Clearing House/ Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net balance payable to Thailand Clearing House.

1.4.7 Loans and receivables

Loans are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred income/discounts on loans are deducted from loans.

Hire purchase and financial lease receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase contract.

Securities and derivative business receivables are the net balances of securities and derivative business receivables. Securities business receivables include customer cash accounts, customers' securities borrowing and lending accounts, and other receivables such as securities receivable that are being enforced by courts, and being compromised, or being settled in installments.

1.4.8 Allowance for doubtful accounts and losses from troubled debt restructuring

- a) The subsidiary company operating banking business provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand ("BOT") and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans and receivables classified as pass and special mentioned, except for hire purchase receivables that are classified as pass and special mentioned, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivable, respectively.

For non-performing loans and receivables which are classified as substandard, doubtful and doubtful of loss (except for non-performing hire purchase receivables), the subsidiary company records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications.

For hire purchase receivables that are classified as pass, special mention and non-performing hire purchase receivables, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

The subsidiary company has already set provision for all loans and receivables in accordance with the BOT's guidelines issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

- d) For the subsidiary company operating leasing business, allowance for doubtful receivables is estimated based on a review of all outstanding amounts at the end of the period. The amount of the allowance is the difference between the carrying amount of the leasing agreement receivable and the recoverable amount. Bad debts written off during the year are recorded as expenses when the write off occurs.
- e) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the balance sheet date.
- f) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are recorded as income in the period of recovery.

1.4.9 Troubled debt restructuring

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

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash flows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary recorded differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in the income statements. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in the income statement when incurred.

1.4.10 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company for securities trading through cash accounts and derivative trading is recorded as assets of the subsidiary company for the customers' position for internal control purposes. At the balance sheet date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

1.4.11 Borrowing and lending of securities

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

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

1.4.12 Property foreclosed

Property foreclosed represents assets transferred in respect of loans and hire purchase receivables on which the debtors had defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transferred date, not exceed the legally claimable amount of outstanding debt) and net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating banking business is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand and the management's estimates.

Loss on impairment is recognised in the income statement. Gains or losses from disposal of property foreclosed are recognised upon disposal.

1.4.13 Depreciation and amortisation

- a) Land and land right from office condominium ownership is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation.

Depreciation of buildings and equipment is calculated by reference to their cost on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominium units	-	20	years
Office improvements	-	5,10	years
Furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5	years
Leased assets under operating lease agreements	-	according to the period of lease agreement	

No depreciation is provided on land and land right from office condominium ownership.

Depreciation is included in determining income.

- b) Software license fees are deferred and amortised over the following estimated useful lives:

The license agreements specified number of year of usage	-	according to the period of license agreement by the straight-line basis	
The license agreements not specified number of year of usage	-	5 years by the straight-line basis	
No license agreements	-	3 years by the sum-of-the-year-digits method	

1.4.14 Income tax

a) Current tax

The Company and its subsidiaries calculate corporate income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

b) Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognised for deductible temporary differences if it is highly probable that the Company and its subsidiaries will generate sufficient taxable profits from its future operations to utilise these assets. Deferred tax liabilities are recognised for all payable temporary differences.

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted at the balance sheet date.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At each balance sheet date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.4.15 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Impairment losses are recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.4.16 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

1.4.17 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date and off-balance sheets transactions are translated into Baht at the average exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

1.4.18 Employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund and provident fund as expenses on an accrual basis.

1.4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.4.20 Derivatives and hedge accounting

The recording of derivatives and hedge accounting are in accordance with the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

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

- c) A subsidiary operating leasing business has recorded derivatives for cash flow hedged by using hedge accounting, as follow:

The subsidiary documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiary also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in the income statement.

1.4.21 Financial instruments

- a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), investments, receivable from clearing house, loans and receivables and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, borrowings, payable to clearing house, and securities and derivative business payables. The financial risks associated with these financial instruments and how they are managed is described in Note 3.26 to the financial statements.

- b) Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using rates at which financial instruments with similar features and maturities could be issued as of the balance sheet date.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, payable to clearing house, and securities and derivative business payables, the carrying amounts in the balance sheet approximate their fair value.
- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- Loans and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debentures and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

The fair value of the other off balance sheet items cannot be reasonably determined and thus it has not been disclosed.

1.4.22 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4.23 Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Allowance for doubtful accounts for loans and receivables

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

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

Impairment of investments

The Company and its subsidiaries treat available-for-sale securities and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

Leases

In determining whether a lease is to be classified as an operating lease or financial lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgment whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

2. General information

2.1 The Company's information

The Company's principal activity is a holding company. Upon completion of the holding company restructuring plan on 9 January 2009, the Company became the parent company of TISCO Group in place of TISCO Bank Public Company Limited ("TISCO Bank"). On 15 January 2009, the securities of the Company were listed on the Stock Exchange of Thailand in place of those of TISCO Bank.

Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2.2 Share capital

The Company has a registered capital of Baht 11,002 million which consists of 544,651,820 ordinary shares and 555,548,180 preference shares both with a par value of Baht 10 each. The preference shares can be converted to ordinary shares in accordance with the Memorandum and Articles of Association.

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Company pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Company does not declare dividend payment to the ordinary shareholders, the Company may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Company has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

2.3 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

2.4 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, and related benefits payable to directors who hold executive positions.

2.5 Provident fund

The Company, its seven subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 10 percent of the employees' salaries, depending on the number of years of service. The provident funds of the Company and its six subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules.

2.6 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

The Company has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, which are reference to the terms and price as charged to other customers.

The Company and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Company, the Company's directors or management-level employees, with the exception of loans to related party and loans to employees under the employee welfare scheme, as mentioned in Note 3.23 to the financial statements.

A subsidiary company operating banking business has neither provided any credit nor made any commitments to companies which have directors in common with such subsidiary in cases where such credit is unsecured or not fully collateralised and therefore would require approval from the Bank of Thailand.

The Company and its subsidiaries have no investments in related companies which are related by way of members of the management of the Company or of its subsidiaries being shareholders and/or authorised directors.

3. Details of financial statements

3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2010 and 2009 is provided below.

(Unit: Percentage)									
Company's name	Country of incorporation	Percentage of shares held by the Company as at 31 December		Subsidiaries' total assets as a percentage to the consolidated total as at 31 December		Subsidiaries' total revenues as a percentage to the consolidated total for the year ended 31 December		Subsidiaries' net income (loss) as a percentage to the consolidated total for the year ended 31 December	
		2010	2009	2010	2009	2010	2009	2010	2009
		<u>Subsidiaries directly owned by the Company</u>							
TISCO Bank Public Company Limited	Thailand	99.98	99.84	93.36	94.04	75.29	76.94	107.81	110.18
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	1.83	1.96	11.36	10.08	16.96	15.61
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.24	0.23	7.68	8.88	14.17	19.35
Hi-Way Co., Ltd.	Thailand	99.99	99.99	1.10	1.36	4.90	2.90	6.04	1.26
TISCO Information Technology Co., Ltd.	Thailand	99.99	99.99	0.03	0.05	-	-	(9.26)	(11.78)
TISCO Tokyo Leasing Co., Ltd.	Thailand	49.00	49.00	1.59	1.62	0.96	1.16	0.92	0.98
Primus Leasing Co., Ltd. (in the process of liquidation)	Thailand	99.99	99.99	-	0.01	-	0.07	(0.19)	(2.33)
<u>Subsidiaries indirectly owned by the Company</u>									
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	0.03	0.03	0.01	0.03	(0.29)	(0.77)
TISCO Securities Hong Kong Ltd. (in the process of liquidation)	China-Hong Kong	100.00	100.00	0.03	0.05	-	-	(0.18)	(0.31)
TISCO Global Securities Ltd. (already liquidated on 12 November 2009)	China-Hong Kong	-	100.00	-	-	-	-	-	-

3.2 Interbank and money market items (assets)

(Unit: Baht)

Consolidated financial statements as at						
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial						
Institutions Development Fund	871,361,177	8,310,000,000	9,181,361,177	1,911,616,680	700,000,000	2,611,616,680
Commercial banks	183,440,283	3,121,659,380	3,305,099,663	483,283,837	9,547,645,163	10,030,929,000
Total	1,054,801,460	11,431,659,380	12,486,460,840	2,394,900,517	10,247,645,163	12,642,545,680
Add: Accrued interest	634,124	1,216,596	1,850,720	319,904	752,606	1,072,510
Total domestic	1,055,435,584	11,432,875,976	12,488,311,560	2,395,220,421	10,248,397,769	12,643,618,190
<u>Foreign</u>						
Hong Kong dollar	18,565,580	-	18,565,580	21,698,252	-	21,698,252
US dollar	38,525,953	-	38,525,953	42,927,831	-	42,927,831
Total	57,091,533	-	57,091,533	64,626,083	-	64,626,083
Add: Accrued interest	-	-	-	-	-	-
Total foreign	57,091,533	-	57,091,533	64,626,083	-	64,626,083
Total domestic and foreign	1,112,527,117	11,432,875,976	12,545,403,093	2,459,846,504	10,248,397,769	12,708,244,273

(Unit: Baht)

Separate financial statements as at						
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	393,460,613	-	393,460,613	426,383,130	-	426,383,130
Total	393,460,613	-	393,460,613	426,383,130	-	426,383,130
Add: Accrued interest	93,315	-	93,315	21,370	-	21,370
Total domestic	393,553,928	-	393,553,928	426,404,500	-	426,404,500

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

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at	
	31 December 2010	31 December 2009
Commercial Bank	3,060	9,200

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	As at	
	31 December 2010	31 December 2009
Fair value of securities received as collateral	3,093	9,325

3.2.2 Interbank and money market - items (assets) subject to restriction

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at		Type of pledge
	31 December 2010	31 December 2009	
Cash at banks of local subsidiary	10	10	To secure facilities provided for bank overdraft

3.3 Investments

(Unit: Baht)

	Consolidated financial statements as at			
	31 December 2010		31 December 2009	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investments</u>				
Trading securities				
Equity securities:				
Domestic marketable equity securities	3,752,320	32,947,200	3,752,320	19,951,360
Add (less): Allowance for changes in value	29,194,880		16,199,040	
Net equity securities	32,947,200		19,951,360	
Total trading securities	32,947,200		19,951,360	
Available-for-sales securities				
Debt securities:				
Government and state enterprise securities	1,419,764,628	1,419,686,362	849,831,531	850,762,275
Debt securities of private sector	841,460,000	849,928,528	1,678,119,515	1,687,053,131
Foreign debt securities	196,430,528	193,571,346	-	-
Total	2,457,655,156	2,463,186,236	2,527,951,046	2,537,815,406
Add (less): Allowance for changes in value	20,443,798		11,324,360	
Exchange difference	(13,452,718)		-	
Less: Allowance for impairment	(1,460,000)		(1,460,000)	
Debt securities - net	2,463,186,236		2,537,815,406	
Equity securities:				
Domestic marketable equity securities	-	-	30,015	30,015
Unit trust	40,133,313	40,763,991	70,000,000	70,326,148
Total	40,133,313	40,763,991	70,030,015	70,356,163
Add (less): Allowance for changes in value	630,678		326,148	
Net equity securities	40,763,991		70,356,163	
Total available-for-sales securities	2,503,950,227		2,608,171,569	
Held-to-maturity debt securities - due within 1 year				
Debt securities:				
Government and state enterprise securities	87,974,352		-	
Debt securities of private sector	2,000		2,000	
Total held-to-maturity debt securities - due within 1 year	87,976,352		2,000	
Net current investments	2,624,873,779		2,628,124,929	

(Unit: Baht)

	Consolidated financial statements as at			
	31 December 2010		31 December 2009	
	Cost /		Cost /	
	Book value	Fair value	Book value	Fair value
<u>Long-term investments</u>				
Available-for-sales securities				
Equity securities:				
Domestic marketable equity securities	876,551,304	1,341,632,484	908,724,417	963,867,257
Total	876,551,304	1,341,632,484	908,724,417	963,867,257
Add (less): Allowance for changes in value	465,081,180		55,142,840	
Net equity securities	1,341,632,484		963,867,257	
Total available-for-sales securities	1,341,632,484		963,867,257	
Held-to-maturity debt securities				
Debt securities:				
Government and state enterprise securities	-		698,561,388	
Total held-to-maturity debt securities	-		698,561,388	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	698,548,432		706,832,346	
Investments in receivables	1,906,752,604		4,517,004,230	
Total	2,605,301,036		5,223,836,576	
Less: Allowance for impairment	(90,802,814)		(76,443,380)	
Total other investments	2,514,498,222		5,147,393,196	
Net long-term investments	3,856,130,706		6,809,821,841	
Net investments	6,481,004,485		9,437,946,770	

(Unit: Baht)

	Separate financial statements as at			
	31 December 2010		31 December 2009	
	Cost /		Cost /	
	Book value	Fair value	Book value	Fair value
<u>Investment in subsidiaries</u>				
Investments in subsidiaries (cost method)	14,988,948,192		15,473,714,017	
Less: Allowance for impairment	(109,662,960)		(104,292,703)	
Total Investments in subsidiaries	14,879,285,232		15,369,421,314	
Net investments	14,879,285,232		15,369,421,314	

3.3.1 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	31 December 2010	31 December 2009	
Government debt securities	2	1	Pledged for electricity usage

3.3.2 Investments in debt securities classified by remaining periods of contracts

(Unit: Baht)

	Consolidated financial statements			
	as at 31 December 2010			
	Maturity			Total
Less than 1 year	1 - 5 years	Over 5 years		
Available-for-sale securities				
Government and state enterprise securities	1,416,537,509	1,063,020	2,164,099	1,419,764,628
Debt securities of private sector	1,460,000	840,000,000	-	841,460,000
Foreign debt securities	-	196,430,528	-	196,430,528
Total	1,417,997,509	1,037,493,548	2,164,099	2,457,655,156
Add (less): Allowance for changes in value	(122,968)	20,526,760	40,006	20,443,798
Exchange difference	-	(13,452,718)	-	(13,452,718)
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	1,416,414,541	1,044,567,590	2,204,105	2,463,186,236
Held-to-maturities debt securities				
Government and state enterprise securities	87,974,352	-	-	87,974,352
Debt securities of private sector	2,000	-	-	2,000
Total	87,976,352	-	-	87,976,352
Total debt securities	<u>1,504,390,893</u>	<u>1,044,567,590</u>	<u>2,204,105</u>	<u>2,551,162,588</u>

(Unit: Baht)

	Consolidated financial statements			
	as at 31 December 2009			
	Maturity			Total
Less than 1 year	1 - 5 years	Over 5 years		
Available-for-sale securities				
Government and state enterprise securities	848,750,995	1,080,536	-	849,831,531
Debt securities of private sector	228,856,056	1,184,142,421	265,121,038	1,678,119,515
Total	1,077,607,051	1,185,222,957	265,121,038	2,527,951,046
Add (less): Allowance for changes in value	1,577,410	3,279,988	6,466,962	11,324,360
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	1,077,724,461	1,188,502,945	271,588,000	2,537,815,406
Held-to-maturities debt securities				
Government and state enterprise securities	-	-	698,561,388	698,561,388
Debt securities of private sector	2,000	-	-	2,000
Total	2,000	-	698,561,388	698,563,388
Total debt securities	<u>1,077,726,461</u>	<u>1,188,502,945</u>	<u>970,149,388</u>	<u>3,236,378,794</u>

3.3.3 Investments in companies with weak financial positions and poor operating results of a subsidiary company operating banking business.

(Unit: Baht)

	Consolidated financial statements as at 31 December 2010		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
	Companies having problems with debt repayment or in default	7,060,000	-

⁽¹⁾ Allowance for changes in value of investment is calculated at cost less collateral value

3.3.4 Investments in mutual fund which the subsidiary company holds not less than 20% of equity, but which are not recorded as investments in associated companies under the equity method in the consolidated financial statements, since the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.

(Unit: Thousand Baht)

Security's name	As at					
	31 December 2010			31 December 2009		
	Book Value	Cost	Percentage of Holding	Book Value	Cost	Percentage of Holding
			%			%
The Krung Thai Capital Protection Fixed 6 months Fund 4	20,382	20,000	18.66	20,187	20,000	46.84

3.3.5 Investments where the Company and its subsidiary hold not less than 10 percent of the equity of the investees

(Unit: Baht)

Securities' name	Consolidated financial statements as at					
	31 December 2010			31 December 2009		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
		%			%	
<u>Insurance:</u>						
AXA Insurance Plc.	53,168,806	-	10	53,168,806	-	10
<u>Services:</u>						
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<u>Trading import and export:</u>						
Shin Thai Enterprises Co., Ltd.	4,591,920	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	9,269,807	-	10	9,269,807	-	10
Wattana Inter-Trade Co., Ltd.	3,957,300	-	10	3,796,500	-	10
<u>Real estate:</u>						
Prosperity Industrial Estate Co., Ltd.	45,094,838	-	10	45,156,456	-	10
UMI Property Co., Ltd.	7,453,500	-	10	8,085,000	-	10
<u>Industrial:</u>						
Siam Art Ceramic Co., Ltd.	16,588,000	-	10	16,753,000	-	10

(Unit Baht)

Security's name	Separate financial statements as at					
	31 December 2010			31 December 2009		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
(Cost method)		%	(Cost method)		%	
<u>Services:</u>						
TISCO Bank Public Company Limited	13,294,004,913	-	99.98	13,278,771,370	-	99.84
TISCO Securities Co., Ltd.	1,075,065,184	-	99.99	1,575,065,134	-	99.99
TISCO Asset Management Co., Ltd.	110,075,340	-	99.99	110,075,340	-	99.99
TISCO Information Technology Co., Ltd.	22,117,205	-	99.99	22,117,205	-	99.99
<u>Leasing and hire purchase:</u>						
Hi-Way Co., Ltd. (ordinary shares and preference shares)	272,919,247	-	99.99	272,918,665	-	99.99
TISCO Tokyo Leasing Co., Ltd.	73,245,016	-	49.00	73,245,016	-	49.00
Primus Leasing Co., Ltd. (in the process of liquidation)	31,858,326	-	99.99	37,228,584	-	99.99

3.4 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Paid-up share capital		Percentage of shares held by		Cost		Dividend received for the	
		as at		the Company		as at		year ended	
		31	31	31	31	31	31	31	31
December	December	December	December	December	December	December	December	December	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		%	%						
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	7,282	7,282	99.98	99.84	13,294	13,279	1,020	1,458
TISCO Securities Co., Ltd.	Securities business	1,000	1,500	99.99	99.99	1,075	1,575	250	156
TISCO Asset Management Co., Ltd.	Asset management	100	100	99.99	99.99	110	110	220	345
Hi-Way Co., Ltd.	Hire purchase	100	100	99.99	99.99	273	273	100	55
TISCO Information Technology Co., Ltd.	Services	20	20	99.99	99.99	22	22	-	-
TISCO Tokyo Leasing Co., Ltd.	Leasing	60	60	49.00	49.00	73	73	1	1
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	3	3	99.99	99.99	32	37	-	62
						14,879	15,369	1,591	2,077

3.4.1 Details of the cost of the investment in Primus Leasing Company Limited, as presented in the separate financial statement, are as follows:

(Unit: Million Baht)

	31 December 2010		31 December 2009	
	Paid-up share capital	Cost	Paid-up share capital	Cost
Acquisition of investment	752	890	752	890
Capital returns from the reduction of a subsidiary's share capital	(749)	(749)	(749)	(749)
Cost	3	141	3	141
Less: Allowance for investment		(109)		(104)
Net investment		32		37

3.4.2 In March 2010, the Company received the return of capital from the reduction of registered share capital of TISCO Securities Company Limited amounting to Baht 500 million as mentioned in the note 4.3.2 to financial statements.

In October 2010, TISCO Leasing Company Limited registered the increase in its issue and fully paid-up registered share capital amounting to Baht 86 million as mentioned in the note 4.3.3 to financial statements.

3.5 Loans, receivables and accrued interest receivable

3.5.1 Classified by type of loan and receivable

	(Unit: Baht)	
	Consolidated financial statements	
	As at	
	31 December 2010	31 December 2009
Loans and receivables		
Loans	32,597,701,425	18,337,648,847
Hire purchase and financial lease receivables		
Hire purchase and financial lease receivables	132,301,255,434	108,171,428,910
Add (less): Unearned income	(16,082,725,797)	(14,048,916,060)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	1,023,111,716	824,828,829
: Advances received from financial lease receivables	(108,545,865)	(52,013,659)
Net hire purchase and financial lease receivables	117,133,095,488	94,895,328,020
Total loans and receivables	149,730,796,913	113,232,976,867
Add: Accrued interest receivable	133,878,808	116,856,703
Less: Allowance for doubtful accounts	(4,160,589,334)	(2,423,833,008)
Less: Allowance for loss on debt restructuring	(2,967)	(18,258)
Net loans, receivables and accrued interest receivable	145,704,083,420	110,925,982,304
Securities and derivatives business receivables		
Securities business receivable		
Customers' cash accounts	1,292,401,382	1,014,638,736
Other receivables installment receivables	1,432,342	1,432,342
Total securities business receivables	1,293,833,724	1,016,071,078
Derivatives business receivables	127,631	267,909
Total securities and derivatives business receivables	1,293,961,355	1,016,338,987
Less: Allowance for doubtful accounts	(1,432,342)	(1,432,342)
Securities and derivatives business receivables - net	1,292,529,013	1,014,906,645
Net loans, receivables and accrued interest receivable	146,996,612,433	111,940,888,949

	(Unit: Baht)	
	Separate financial statements	
	as at	
	31 December 2010	31 December 2009
Loans and receivables		
Loans	1,281,000,000	1,475,000,000
Add: Accrued interest receivable	-	-
Net loans and accrued interest receivable	1,281,000,000	1,475,000,000

3.5.2 Classified by remaining periods of contracts

(Unit: Baht)

Consolidated financial statements
as at

	31 December 2010	31 December 2009
Loans and receivables		
Not over 1 year (included contract which are due)	11,792,231,360	10,173,405,590
Over 1 year	137,938,565,553	103,059,571,277
Total loans and receivables	149,730,796,913	113,232,976,867
Add: Accrued interest receivable	133,878,808	116,856,703
Total loans, receivables and accrued interest receivable	<u>149,864,675,721</u>	<u>113,349,833,570</u>

3.5.3 Classified by type of business

(Unit: Baht)

Consolidated financial statements as at 31 December 2010

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special- mentioned	Sub-standard	Doubtful	Doubtful of loss			
					of loss	Total		
Agricultural and mining	159,152,237	2,518,812	4,404,645	512,828	1,323,067	167,911,589	-	167,911,589
Manufacturing and commerce	17,441,496,836	141,008,284	25,054,851	28,871,197	61,961,968	17,698,393,136	-	17,698,393,136
Real estate and construction	5,955,550,423	87,192,110	4,520,708	5,438,179	362,967,670	6,415,669,090	-	6,415,669,090
Public utilities and services	6,911,821,652	152,127,931	28,132,834	26,980,740	62,020,852	7,181,084,009	-	7,181,084,009
Personal use								
Hire purchase	94,354,794,832	5,968,775,582	687,177,317	183,336,926	331,931,049	101,526,015,706	4,642,251,718	106,168,267,424
Housing loans	1,243,597,953	54,708,809	19,930,543	12,587,916	91,460,833	1,422,286,054	-	1,422,286,054
Securities	-	-	-	-	-	-	1,293,961,355	1,293,961,355
Others	10,052,518,495	204,279,783	18,770,594	9,552,214	392,064,525	10,677,185,611	-	10,677,185,611
Total loans, receivables and securities business receivables	136,118,932,428	6,610,611,311	787,991,492	267,280,000	1,303,729,964	145,088,545,195	5,936,213,073	151,024,758,268
Add: Accrued interest receivable	33,534,653	82,032,147	-	-	-	115,566,800	18,312,008	133,878,808
Total loans, receivables and securities business receivables and accrued interest receivable	<u>136,152,467,081</u>	<u>6,692,643,458</u>	<u>787,991,492</u>	<u>267,280,000</u>	<u>1,303,729,964</u>	<u>145,204,111,995</u>	<u>5,954,525,081</u>	<u>151,158,637,076</u>

(Unit: Baht)

Consolidated financial statements as at 31 December 2009

	Subsidiary company operating banking business						Other	Total
						Subsidiaries		
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	128,555,081	3,414,844	1,448,917	1,106,412	549,595	135,074,849	-	135,074,849
Manufacturing and commerce	9,931,122,109	114,860,479	22,438,973	40,336,878	77,028,736	10,185,787,175	-	10,185,787,175
Real estate and construction	5,678,583,780	112,068,418	40,469,174	11,655,378	394,867,319	6,237,644,069	-	6,237,644,069
Public utilities and services	2,521,037,258	229,168,643	22,700,325	35,896,574	24,353,920	2,833,156,720	-	2,833,156,720
Personal use								
Hire purchase	75,355,889,115	5,977,623,129	648,963,840	235,929,306	268,361,588	82,486,766,978	4,145,410,166	86,632,177,144
Housing loans	1,269,250,322	36,073,885	22,448,055	20,627,110	127,428,441	1,475,827,813	-	1,475,827,813
Securities	-	-	-	-	-	-	1,016,338,987	1,016,338,987
Others	5,126,978,159	141,861,245	15,557,997	8,131,865	440,779,831	5,733,309,097	-	5,733,309,097
Total loans, receivables and securities business receivables	100,011,415,824	6,615,070,643	774,027,281	353,683,523	1,333,369,430	109,087,566,701	5,161,749,153	114,249,315,854
Add: Accrued interest receivable	14,922,739	82,548,467	-	-	-	97,471,206	19,385,497	116,856,703
Total loans, receivables and securities business receivables and accrued interest receivable	100,026,338,563	6,697,619,110	774,027,281	353,683,523	1,333,369,430	109,185,037,907	5,181,134,650	114,366,172,557

3.5.4 Hire purchase and financial lease receivables

As at 31 December 2010, net receivables of the subsidiaries under hire purchase agreements and financial leases amount to Baht 117,133 million (2009: Baht 94,895 million) and mostly comprise hire purchase agreements and financial leases for cars, motorcycles, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2010

	Amounts of installments due under the long-term lease agreements				
	Less than			Non performing	Total
	1 year	1 - 5 years	Over 5 years	loans	
Hire purchase and financial lease receivables	42,534	84,437	2,318	3,012	132,301
Unearned income*	(6,293)	(7,453)	(56)	(1,258)	(15,060)
Advances received from financial lease receivables	(5)	(103)	-	-	(108)
Hire purchase and financial lease receivables - net	36,236	76,881	2,262	1,754	117,133
Allowance for doubtful accounts					1,253

* Net of commissions and direct expenses incurred at the initiation of hire purchase.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009

	Amounts of installments due under the long-term lease agreements				
	Less than			Non	Total
	1 year	1 - 5 years	Over 5 years	performing loans	
Hire purchase and financial lease receivables	35,646	68,434	1,364	2,727	108,171
Unearned income*	(5,646)	(6,549)	(33)	(996)	(13,224)
Advances received from financial lease receivables	(13)	(39)	-	-	(52)
Hire purchase and financial lease receivables - net	29,987	61,846	1,331	1,731	94,895
Allowance for doubtful accounts					1,188

* Net of commissions and direct expenses incurred at the initiation of hire purchase.

3.5.5 Loans and receivables for which the recognition of interest income has ceased of a subsidiary company operating banking business

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Loans and receivables for which the recognition of interest income has ceased ⁽¹⁾	3,618	4,084	3,941	4,262

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

(Unit: Million Baht)

Other subsidiaries	As at	
	31 December 2010	31 December 2009
Securities business loans and receivables, hire purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	295 ⁽¹⁾	345 ⁽¹⁾

⁽¹⁾ Baht 13 million of such amounts being loans and receivables (2009: Baht 26 million), for which a 100 percent allowance for doubtful debts has been provided.

3.5.6 Unearned interest income which is presented as a deduction against loans and receivables of subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements	
	as at	
	31 December 2010	31 December 2009
Unearned interest income ⁽¹⁾	15,243	13,472

⁽¹⁾ These amounts included unearned interest income of hire purchase and finance lease contracts which is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

3.5.7 Outstanding balances (net of collateral) of restructured loans and receivables and receivables which are being restructured of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	31 December 2010	31 December 2009
	Restructured loans and receivables ⁽¹⁾	267
Loans and receivables which are being restructured	-	-

⁽¹⁾ As a result of restructuring, the due date for the first repayment of these restructured loans and receivables has been rescheduled.

3.5.8 Troubled debt restructuring of a subsidiary company operating banking business
- Debt restructuring during the year

	For the years ended 31 December	
	2010	2009
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	527	949
Loan balances before restructuring (million Baht)	574	1,082
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	3	10
Corporate loan receivables	9	2
Interest income on restructured receivables (million Baht)	61	48
Receipt of principal and interest (million Baht)	382	256

- The balance of the restructured debts

(Unit: Million Baht)

	As at	
	31 December 2010	31 December 2009
The balance of the restructured debts	1,711	1,733

3.6 Allowance for doubtful accounts / allowance for loss on debt restructuring

3.6.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Baht)

Consolidated financial statements as at 31 December 2010

	Pass	Special- mentioned	Sub-Standard	Doubtful	Doubtful of loss	Reserve for	Total
						counter cyclical business factors*	
Balance - beginning of year	732,736,190	97,121,624	229,551,867	113,803,863	524,204,256	727,847,550	2,425,265,350
Increase (decrease) in allowance for doubtful accounts during the year	203,126,644	13,790,006	334,713,903	497,205,358	125,882,761	1,411,875,703	2,586,594,375
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	211,125,000	211,125,000
Bad debt written-off	(900,248)	(18,293,319)	(326,498,588)	(522,290,988)	(192,956,906)	(23,000)	(1,060,963,049)
Balance - end of year	934,962,586	92,618,311	237,767,182	88,718,233	457,130,111	2,350,825,253	4,162,021,676

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

(Unit: Baht)

Consolidated financial statements as at 31 December 2009

	Pass	Special- mentioned	Sub-Standard	Doubtful	Doubtful of loss	Reserve for	Total
						counter cyclical business factors*	
Balance - beginning of year	411,506,161	37,822,448	245,648,382	195,791,492	697,002,061	266,738,710	1,854,509,254
Increase (decrease) in allowance for doubtful accounts during the year	321,834,878	101,099,535	519,683,819	649,254,284	29,891,486	503,178,832	2,124,942,834
Bad debt written-off	(604,849)	(41,800,359)	(535,780,334)	(731,241,913)	(202,689,291)	(42,069,992)	(1,554,186,738)
Balance - end of year	732,736,190	97,121,624	229,551,867	113,803,863	524,204,256	727,847,550	2,425,265,350

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

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

(Unit: Baht)

	Consolidated financial statements			
	as at 31 December 2010			
	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	Total
Balance - beginning of year	520,671,612	1,176,746,188	727,847,550	2,425,265,350
Increase (decrease) in allowance for doubtful accounts during the year	84,717,240	1,090,001,432	1,411,875,703	2,586,594,375
Transfer from allowance for declining in value of property foreclosed	-	-	211,125,000	211,125,000
Bad debt written-off	(39,803,269)	(1,021,136,780)	(23,000)	(1,060,963,049)
Balance - end of year	<u>565,585,583</u>	<u>1,245,610,840</u>	<u>2,350,825,253</u>	<u>4,162,021,676</u>

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

(Unit: Baht)

	Consolidated financial statements			
	as at 31 December 2009			
	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	Total
Balance - beginning of year	554,750,574	1,033,019,970	266,738,710	1,854,509,254
Increase (decrease) in allowance for doubtful accounts during the year	(23,081,921)	23,081,921	-	-
Bad debt written - off	21,824,159	1,599,939,843	503,178,832	2,124,942,834
Balance - end of year	<u>(32,821,200)</u>	<u>(1,479,295,546)</u>	<u>(42,069,992)</u>	<u>(1,554,186,738)</u>
	<u>520,671,612</u>	<u>1,176,746,188</u>	<u>727,847,550</u>	<u>2,425,265,350</u>

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

3.6.3 Allowance for doubtful accounts / allowance for loss on debt restructuring of a subsidiary company operating banking business

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring ⁽¹⁾	As at	
	31 December	31 December
	2010	2009
Amount to be provided under BOT's guidelines	1,485	1,327
Amount already recorded by TISCO Bank	3,859	2,088
Amount in excess of the required amount under BOT's guidelines	2,374	761

⁽¹⁾ Include allowance for doubtful accounts for credit granted to financial institutions (which is presented as part of interbank and money market items (asset) in the balance sheet).

3.6.4 Non-performing loans and receivables of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	31 December 2010	31 December 2009
	Non-performing loans and receivables	2,359
Allowance for doubtful accounts	655	704

3.7 Classification of assets

3.7.1 Investments in companies with weak financial position and poor operating results of a subsidiary company operating banking business

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts ⁽¹⁾ as at	
	31 December	31 December	31 December	31 December	31 December	31 December
	2010	2009	2010	2009	2010	2009
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

⁽¹⁾ Allowance for possible losses is determined based on the investment cost less collateral value.

⁽²⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

⁽³⁾ Investments in securities of companies which are vulnerable to delisting, of companies of which the auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

3.7.2 Classification of assets under the Bank of Thailand's guidelines of a subsidiary company operating banking business

(Unit: Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	as at		net of collateral		Amounts to be provided under		Amounts already set up	
			as at		BOT's guidelines		by TISCO Bank	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2010	2009	2010	2009	2010	2009	2010	2009
<u>Loans and receivables</u> ⁽¹⁾⁽²⁾⁽³⁾								
Pass	139,279	109,926	122,958	89,825	794	594	794	595
Special mentioned	6,611	6,615	6,547	6,560	58	59	59	61
Substandard	788	774	768	745	178	162	178	162
Doubtful	267	354	239	309	51	71	51	71
Doubtful of loss	1,304	1,333	789	736	404	441	426	471
Total	148,249	119,002	131,301	98,175	1,485	1,327	1,508	1,360
Reserve for counter cyclical business factor ⁽⁴⁾							2,351	728
Total							3,859	2,088
<u>Investments in securities</u>								
Doubtful of loss								
Debt instruments	2	2	2	2	2	2	2	2
Equity instruments	85	67	85	67	85	67	85	67
Total	87	69	87	69	87	69	87	69
<u>Investments in receivables</u>								
Doubtful of loss	23	12	23	12	23	12	23	12
<u>Properties foreclosed</u>								
Doubtful of loss	61	61	61	61	61	61	326	537
Total classified assets	148,420	119,144	131,472	98,317	1,656	1,469	4,295	2,706

⁽¹⁾ Allowance for doubtful accounts for loans and receivables is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase and financial lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ Interest receivables are not included in the pass and special mentioned debt balances.

⁽³⁾ Loans and receivables include investment in debt securities under resale agreements of BOT and other commercial banks, and loans to financial institutions (which presented as part of interbank and money market items(assets) in the balance sheet).

⁽⁴⁾ Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

3.7.3 Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which a subsidiary company operating banking business sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance for		Allowance for doubtful accounts	
	as at		after net of collateral value		doubtful account set up ⁽²⁾		as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Hire purchase receivables⁽¹⁾								
Pass	104,568	82,924	104,568	82,924	0.60	0.65	610	525
Special mentioned	6,360	6,440	6,360	6,440	0.60	0.65	55	57
Substandard	747	730	747	730	20.31	19.57	157	147
Doubtful	234	294	234	294	20.31	19.57	46	57
Doubtful of loss	479	362	479	362	20.31	19.57	94	67
Total	112,388	90,750	112,388	90,750			962	853

⁽¹⁾ TISCO Bank does not deduct the collateral value from the outstanding loan balance for calculation allowance for doubtful accounts for hire purchase receivables.

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

3.7.4 Loans and receivables includes debts due from companies with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	31 December 2010	31 December 2009	31 December 2010 Million Baht	31 December 2009 Million Baht	31 December 2010 Million Baht	31 December 2009 Million Baht	31 December 2010 Million Baht	31 December 2009 Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	2	254	274	148	156	127	144
3. Listed companies under rehabilitation	-	1	-	78	-	10	-	72
4. Companies which have loan settlement problems or have defaulted on payment of debts	2	1	349	3	269	-	80	3
5. Companies whose auditor's report cited going concern issues	3	-	506	-	453	-	53	-
Total	6	4	1,109	355	870	166	260	219

3.7.5 Classification of assets of the securities business of a local subsidiary in accordance with the Notification of the Office of the Securities and Exchange Commission

(Unit: Million Baht)

	Securities business receivables and accrued interest as at		Allowance for doubtful accounts as required by SEC as at		Allowance for doubtful accounts provided in the accounts as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Doubtful	2	2	2	2	2

3.7.6 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified by the due date of the contracts

(Unit: Million Baht)

	Debt balance as at		Allowance for doubtful account as at		Debt balance - net as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Current	3,740	3,182	113	110	3,627
Overdue						
1 month	274	276	27	28	247	248
2 - 3 months	334	344	33	37	301	307
4 - 6 months	146	157	60	67	86	90
7 - 12 months	92	99	38	42	54	57
Over 12 months	37	63	15	27	22	36
Debtors under litigation	19	24	14	24	5	-
Total	4,642	4,145	300	335	4,342	3,810

3.8 Property foreclosed

	(Unit: Baht)	
	Consolidated financial statements	
	as at	
	31 December 2010	31 December 2009
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an external valuer</u>		
Balance - beginning of year	479,140,250	941,864,907
Additions	-	-
Disposals	(211,125,000)	(462,724,657)
Balance - end of year	<u>268,015,250</u>	<u>479,140,250</u>
<u>Appraisal by an internal valuer</u>		
Balance - beginning of year	33,860,125	44,863,376
Additions	-	-
Disposals	-	(11,003,251)
Balance - end of year	<u>33,860,125</u>	<u>33,860,125</u>
Total property foreclosed - Immovable assets	<u>301,875,375</u>	<u>513,000,375</u>
Movable assets		
Balance - beginning of year	73,446,975	62,480,207
Additions	1,856,919,146	3,097,969,629
Disposals	(1,884,435,737)	(3,087,002,861)
Balance - end of year	<u>45,930,384</u>	<u>73,446,975</u>
Total property foreclosed	<u>347,805,759</u>	<u>586,447,350</u>
Less: Allowance for impairment		
Balance - beginning of year	31,683,906	14,550,557
Increase	329,228	18,136,609
Decrease	-	(1,003,260)
Balance - end of year	<u>32,013,134</u>	<u>31,683,906</u>
Property foreclosed - net	315,792,625	554,763,444
Less: Reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand and the management's estimates	<u>(294,395,371)</u>	<u>(505,592,600)</u>
Property foreclosed - net, after reserve for declining in value in accordance with the notification of the Bank of Thailand and the management's estimates	<u>21,397,254</u>	<u>49,170,844</u>

3.9 Land, premises and equipment

(Unit: Baht)

Consolidated financial statements

	Operating assets						Assets for operating lease agreements				Total
	Land	Land right from office condominium ownership	Building and office condominium	Furniture, fixtures, computer and equipment	Office improvements	Motor vehicles	Land right from office condominium ownership	Office condominium	Computers and equipment	Motor vehicles	
Cost:											
31 December 2009	17,509,338	468,225,830	971,833,624	759,398,925	655,831,412	110,264,887	41,737,351	89,982,769	34,763,821	10,662,822	3,160,210,779
Additions/transfer in	-	-	-	77,864,852	37,880,348	60,238,000	-	-	23,095,199	-	199,078,399
Disposals/written-off/ transfer out	-	-	-	(52,842,586)	(7,299,864)	(35,546,881)	(12,462,878)	(22,581,773)	(13,012,540)	(7,359,084)	(151,105,606)
31 December 2010	17,509,338	468,225,830	971,833,624	784,421,191	686,411,896	134,956,006	29,274,473	67,400,996	44,846,480	3,303,738	3,208,183,572
Accumulated depreciation:											
31 December 2009	-	-	466,929,843	601,974,021	373,213,819	90,715,305	-	47,910,245	14,617,845	6,178,663	1,601,539,741
Depreciation for the year	-	-	53,643,656	88,190,281	77,888,841	15,473,547	-	5,215,762	13,413,881	1,476,109	255,302,077
Depreciation on disposals/written-off	-	-	-	(52,210,084)	(7,299,864)	(34,993,430)	-	(2,129,301)	(13,012,540)	(5,887,267)	(115,532,486)
31 December 2010	-	-	520,573,499	637,954,218	443,802,796	71,195,422	-	50,996,706	15,019,186	1,767,505	1,741,309,332
Net book value:											
31 December 2009	17,509,338	468,225,830	504,903,781	157,424,904	282,617,593	19,549,582	41,737,351	42,072,524	20,145,976	4,484,159	1,558,671,038
31 December 2010	17,509,338	468,225,830	451,260,125	146,466,973	242,609,100	63,760,584	29,274,473	16,404,290	29,827,294	1,536,233	1,466,874,240
Depreciation for the years ended 31 December:											
2009											268,562,969
2010											255,302,077

(Unit: Baht)

Separate financial statements

	Operating assets					Asset for operating lease agreements		
	Land right from office condominium ownership	Office condominium	Furniture, fixtures and equipment	Office improvements	Motor vehicle	Land right from office condominium ownership	Office condominium	Total
Cost:								
31 December 2009	102,133,828	181,625,494	11,542,030	42,843,372	2,690,000	163,718,153	281,327,913	785,880,790
Additions	-	-	38,581,111	2,954,139	34,062,000	-	-	75,597,250
Disposals	-	-	-	-	(400,000)	(12,462,878)	(22,581,773)	(35,444,651)
31 December 2010	102,133,828	181,625,494	50,123,141	45,797,511	36,352,000	151,255,275	258,746,140	826,033,389
Accumulated depreciation:								
31 December 2009	-	16,891,920	3,853,677	6,914,484	137,082	-	30,151,638	57,948,801
Depreciation for the year	-	16,891,920	7,691,918	6,640,555	3,269,376	-	29,724,377	64,218,146
Depreciation on disposals	-	-	-	-	(59,617)	-	(2,129,301)	(2,188,918)
31 December 2010	-	33,783,840	11,545,595	13,555,039	3,346,841	-	57,746,714	119,978,029
Net book value:								
31 December 2009	102,133,828	164,733,574	7,688,353	35,928,888	2,552,918	163,718,153	251,176,275	727,931,989
31 December 2010	102,133,828	147,841,654	38,577,546	32,242,472	33,005,159	151,255,275	200,999,426	706,055,360
Depreciation for the year ended 31 December:								
2009								57,948,801
2010								64,218,146

Leased assets of the Company and its subsidiaries are mostly operating leases for building and office condominium units, cars, computers and office equipment with terms of 1 to 5 years. Payment conditions are monthly and quarterly.

These assets will generate the following minimum amounts of lease income in future.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	as at	as at
	31 December 2010	31 December 2010
Not over 1 year	26,031	61,139
1 - 5 years	18,135	-
Total	44,166	61,139

3.10 Other assets

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Value added tax - net	353,181,384	314,499,397	1,409,676	5,134,232
Accrued interest and dividend receivable from investments	18,370,356	44,178,360	-	-
Fee and charges receivable	171,259,123	153,494,777	74,833,633	276,003
Prepaid income tax	34,689,863	47,501,285	-	-
Deferred computer system development cost - net	243,718,841	249,103,344	100,353,826	87,188,813
Deposits	34,977,871	31,426,399	4,075,000	4,065,000
Other receivables	228,757,427	421,599,168	8,365	-
Financial derivatives assets	12,799,881	1,143,509	-	-
Other assets	310,144,580	183,618,023	38,048,803	5,296,961
Total other assets	1,407,899,326	1,446,564,262	218,729,303	101,961,009

3.11 Deposits

3.11.1 Classified by type of deposits

(Unit: Baht)

Consolidated financial statements
as at

	31 December 2010	31 December 2009
Promissory notes	2,375,650	2,375,650
Deposits		
Current accounts	4,859,991,810	7,430,525,926
Saving accounts	25,671,550,462	17,920,363,064
Fixed accounts		
- not over 6 months	778,329,348	619,774,357
- over 6 months and less than 1 year	142,760,786	671,524,768
- over 1 year	248,435,623	648,494,664
Certificates of deposit/negotiable certificates of deposit	16,832,155,342	29,515,424,161
Total	<u>48,535,599,021</u>	<u>56,808,482,590</u>

3.11.2 Classified by the remaining period of contract

(Unit: Baht)

Consolidated financial statements
as at

	31 December 2010	31 December 2009
Not over 1 year*	48,226,471,119	56,311,847,968
Over 1 year	309,127,902	496,634,622
Total deposits	<u>48,535,599,021</u>	<u>56,808,482,590</u>

*Including fully-mature deposit contract

3.12 Interbank and money market items (liabilities)

(Unit: Baht)

	Consolidated financial statements as at					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Commercial banks	166,320,426	2,586,695,819	2,753,016,245	10,205,163	2,093,607,161	2,103,812,324
Other banks and financial institutions	151,368,387	7,938,380,256	8,089,748,643	608,389,735	3,668,013,509	4,276,403,244
Total	317,688,813	10,525,076,075	10,842,764,888	618,594,898	5,761,620,670	6,380,215,568

(Unit: Baht)

	Separate financial statements as at					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Commercial banks	-	-	-	-	210,000,000	210,000,000
Total	-	-	-	-	210,000,000	210,000,000

The subsidiary company operating banking business has entered into an interest rate swap agreement to swap the floating interest rate on Baht 300 million of bill of exchange with a local financial institution for a fixed interest rate, as mentioned in Note 3.26.5 to the financial statements.

The subsidiary company operating leasing business has entered into interest rate swap agreements to pay interest at a fixed rate and receive interest at a floating rate, associated with its interest-bearing financial liabilities, amounting to Baht 326 million, as mentioned in Note 3.26.5 to the financial statements.

3.13 Borrowings

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,000,000,000	4,000,000,000	-	-
Unsubordinated unsecured debentures	1,000,000,000	4,000,000,000	-	-
Bills of exchange	<u>83,773,846,518</u>	<u>51,128,688,676</u>	<u>3,345,075,040</u>	<u>3,989,392,156</u>
Total	<u>90,773,846,518</u>	<u>59,128,688,676</u>	<u>3,345,075,040</u>	<u>3,989,392,156</u>

3.13.1 Subordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance in consolidated financial statements as at		Maturity in the year	Interest rate
			31 December 2010	31 December 2009		31 December 2010	31 December 2009		
			(Million Baht)	(Million Baht)		(Million Baht)	(Million Baht)		
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.5 percent per annum in the first to third years, 6.0 percent per annum in the forth to seventh years and 6.5 percent per annum in the eighth to tenth years.
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.0 percent per annum in the first to third years, 5.5 percent per annum in the forth to seventh years and 6.0 percent per annum in the eighth to tenth years.
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1 million	-	1,000	1,000	-	2020	5.0 percent per annum in the first to tenth years.
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1 million	-	1,000	1,000	-	2020	4.8 percent per annum in the first to tenth years.
Total						<u>6,000</u>	<u>4,000</u>		

3.13.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value	Balance as at		Maturity in the year	Interest rate
			31 December	31 December	per unit	(Million Baht)			
			2010	2009	(Baht)	31 December	31 December		
			2010	2009					
2007	TISCO	Unsubordinated and Bank unsecured long-term debentures	-	3 million	1,000	-	3,000	2010	3.75 percent per annum.
2007	TISCO	Unsubordinated and Bank unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2012	4.04 percent per annum.
Total							<u>1,000</u>	<u>4,000</u>	

3.13.3 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2011 to 2013. The interest rates of the fixed interest rates bearing bills of exchange are between 0.75 and 3.00 percent per annum.

3.14 Other liabilities

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
Withholding income tax and other tax payable	165,151,969	229,031,260	47,571,386	30,018,983
Accrued insurance premium	373,621,819	290,294,266	-	-
Deferred tax liabilities	156,346,588	15,724,002	-	-
Deferred income	235,536,650	175,261,311	-	-
Dividend payable	164,832	671,533	-	-
Other liabilities	753,344,185	397,800,529	15,377,811	14,934,509
Total other liabilities	<u>1,684,166,043</u>	<u>1,108,782,901</u>	<u>62,949,197</u>	<u>44,953,492</u>

3.15 Capital funds

3.15.1 The primary objectives of the Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and other in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.

3.15.2 TISCO Bank maintains capital adequacy ratio in comply with Basel II principles which is implementing capital requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, equity exposure and other assets, at the end of 2009.

Regarding to Capital fund as of 31 December 2010 and 2009 under Basel II framework, TISCO Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on pro rata method under BOT's regulation.

Capital funds of TISCO Bank are as follows:

	(Unit: Thousand Baht)	
	As at	
	31 December 2010	31 December 2009
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,523	7,281,523
Premium on share capital	130,451	130,451
Statutory reserve	614,900	547,000
Retained earnings - unappropriated	3,196,595	3,050,225
Less: Deferred tax assets	(960,966)	(482,797)
Shortage provision according to IRB	-	(420,199)
Total Tier I	10,262,503	10,106,203
<u>Tier II</u>		
Subordinated debentures	5,131,251	4,000,000
Reserve for loans classified as pass	552,695	71,892
Add (less): Excess (shortage) provision according to IRB	280,332	(420,199)
Total Tier II	5,964,278	3,651,693
Total capital fund	16,226,781	13,757,896

	As at			
Capital ratios	31 December 2010		31 December 2009	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	11.29% ⁽¹⁾	4.25%	12.46% ⁽¹⁾	4.25%
Total capital to risk assets	15.23% ⁽²⁾	8.50%	16.96% ⁽²⁾	8.50%

⁽¹⁾ Before Capital Floor

⁽²⁾ After Capital Floor

3.15.3 To comply with the Notification of the Bank of Thailand No. SorNorSor. 6/2553 regarding “Consolidated Supervision” dated 18 June 2010, the Company will disclose capital maintenance information of financial business group as at 31 December 2010 on its website and TISCO Bank’s website in April 2011.

3.16 Revaluation surplus (deficit) on investments

(Unit: Baht)

	Consolidated financial statements	
	As at 31 December	
	2010	2009
Balance - beginning of year	(16,602,110)	(496,328,805)
Increase from changes in the value of securities during the year	456,256,742	479,726,695
	439,654,632	(16,602,110)
Less: The effect of deferred tax assets / liabilities	(146,999,422)	(21,190,730)
Balance - end of year	292,655,210	(37,792,840)

3.17 Gain (loss) on investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year	For the year	For the year	For the year
	ended	ended	ended	ended
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Allowance for impairment of investments	(14,429,434)	(6,265,108)	(5,370,257)	(104,292,703)
Unrealised gain on securities for trading	12,995,840	15,649,920	-	-
Realised gain on investments	211,458,536	333,623	-	-
Total	210,024,942	9,718,435	(5,370,257)	(104,292,703)

3.18 Other income

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year	For the year	For the year	For the year
	ended	ended	ended	ended
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Penalty fee income from loans	199,495,758	193,955,728	-	-
Gains on disposal of property foreclosed	205,901,888	190,182,964	-	-
Income from business promotion relating to the business	212,213,779	-	-	-
Rental income	34,236,700	47,343,508	67,402,456	60,342,869
Others	93,172,131	113,286,293	26,788,720	98,526
Total	745,020,256	544,768,493	94,191,176	60,441,395

3.19 Other expenses

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year	For the year	For the year	For the year
	ended	ended	ended	ended
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Allowance for impairment of property foreclosed	257,000	505,756,383	-	-
Mailing expenses	43,099,841	42,052,589	214,886	208,154
Software amortisation expenses	94,570,466	46,983,116	44,595,457	7,477,553
Loan losses from court - ordered executions	21,572,568	36,132,016	-	-
Transportation expenses	87,366,193	73,028,860	7,687,693	5,742,649
Others	119,463,684	167,591,224	10,416,540	10,957,010
Total	366,329,752	871,544,188	62,914,576	24,385,366

3.20 Corporate income tax

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2010 and 2009 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements for the years ended 31 December		Separate financial statements for the years ended 31 December	
	2010	2009	2010	2009
Income tax payable on taxable profit for the year	1,795,518	1,222,407	208,873	189,855
Add (less): Net increase in deferred tax on temporary differences	(537,659)	(374,829)	(81,729)	(86,137)
Adjustment in respect of income tax expenses of prior period	(1,696)	(7,137)	84	(38)
Income tax expenses	<u>1,256,163</u>	<u>840,441</u>	<u>127,228</u>	<u>103,680</u>

Deferred taxes are recorded directly to equity during the years ended 31 December 2010 and 2009 as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements for the years ended 31 December	
	2010	2009
Revaluation surplus on investments	125,809	118,528
Gain (loss) on changes in fair value of cash flow hedges	6,587	(9,396)
Deferred taxes are recorded directly to equity	<u>132,396</u>	<u>109,132</u>

A reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate is presented as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements for the years ended 31 December		Separate financial statements for the years ended 31 December	
	2010	2009	2010	2009
Accounting profit before income tax expenses	4,158,635	2,845,190	1,982,689	2,497,969
Income tax rate of 25% and 30%	1,155,227	840,493	495,672	624,492
Tax effect of net tax-exempt income and net disallowed expenses	107,320	2,901	(367,015)	(519,376)
Utilisation of loss carry forwards	(3,175)	(5,967)	-	-
Effect of tax rate used for deferred tax	(1,513)	(1,398)	(1,513)	(1,398)
Written-off deferred tax assets	-	11,549	-	-
Adjustment in respect of income tax expenses of prior period	(1,696)	(7,137)	84	(38)
Income tax expense reported in the income statements	<u>1,256,163</u>	<u>840,441</u>	<u>127,228</u>	<u>103,680</u>

The following table shows consist of deferred tax assets and deferred tax liabilities.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at		Change in deferred tax assets/deferred tax liabilities reported in the income statements for the years ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
Allowance for doubtful accounts	790,476	315,578	474,898	162,798
Allowance for doubtful accounts (VAT receivable)	-	-	-	(1,214)
Allowance for impairment of investments	74,806	66,753	8,053	20,722
Allowance for impairment of property foreclosed	97,923	161,183	(63,260)	148,133
Non-accrual of interest income	194,903	202,645	(7,742)	(4,341)
Depreciation of assets	39,194	31,214	7,980	(1,242)
Financial leases	13,910	19,559	(5,649)	7,176
Revaluation surplus on investments	(6,133)	(3,397)	-	-
Unrealised gain on derivatives	(147)	(21)	(126)	239
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(306,473)	(245,402)	(61,071)	(37,728)
Loss on disposal of property foreclosed	17,202	22,829	(5,627)	(10,955)
Deferred subsidised income	67,017	42,144	24,873	26,462
Reduction of subsidiaries' share capital	26,794	26,794	-	26,794
Accrued expenses	224,335	56,618	167,717	56,619
Others	8,696	120	8,576	(141)
Deferred tax assets	1,242,503	696,617	548,622	393,322
Financial leases	97,211	47,158	50,053	19,803
Allowance for doubtful accounts	(457)	(513)	56	405
Loss carried forwards	(74,220)	(34,848)	(39,372)	(10,431)
Allowance for revaluation of other assets	(270)	(270)	-	-
Non-accrual of interest income	(7)	(7)	-	-
Deprecation of assets	(1,593)	(2,289)	696	547
Revaluation surplus on investments	140,866	17,793	-	-
Unrealised losses on cash flow hedges	(2,809)	(9,396)	-	-
Gain from revaluation of investments in trading securities	8,081	4,182	3,899	12,793
Accrued expenses	(8,618)	(4,123)	(4,495)	(4,123)
Other	(1,837)	(1,963)	126	(501)
Deferred tax Liabilities	156,347	15,724	10,963	18,493

(Unit: Thousand Baht)

	Separate financial statements			
	As at		Change in deferred tax assets/deferred tax liabilities reported in the income statements for the years ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
Allowance for impairment of investments	27,416	26,073	1,343	26,073
Depreciation of assets	16,591	8,495	8,096	8,495
Reduction of subsidiaries' share capital	26,794	26,794	-	26,794
Accrued expenses	96,195	24,883	71,312	24,883
Other	870	(108)	978	(108)
Deferred tax assets	167,866	86,137	81,729	86,137

3.21 Provident fund

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the year	For the year	For the year	For the year
	ended	ended	ended	ended
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Amounts contributed to the provident fund	90	81	15	11

3.22 Earnings per share

Basic earnings per share is calculated by dividing net income for the year after deducting the portion of dividends which the preference shareholders receive before the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issue during the year.

In determining earnings per share for the year, the amount of preferential dividends as referred to above was arrived at on a time proportion basis.

The computation of basic earnings per share is listed below.

Consolidated financial statements					
For the years ended 31 December					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010	2009
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the parent					
2,888,247	1,988,393				
Less: Dividend paid to preference shares in preference to the ordinary shares for the year ⁽¹⁾					
-	(91,704)				
<u>2,888,247</u>	<u>1,896,689</u>	<u>727,519</u>	<u>724,792</u>	<u>3.97</u>	<u>2.62</u>

⁽¹⁾ Dividend paid to preference shares in preference to the ordinary shares for the year is calculated from the rights and benefits that the holders of preference shares receive dividend for each of the year that the Company pays dividend prior to the holders of ordinary shares at the rate of Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

Separate financial statements					
For the years ended 31 December					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010	2009
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the parent					
1,855,461	2,394,289				
Less: Dividend paid to preference shares in preference to the ordinary shares for the year ⁽¹⁾					
-	(91,704)				
<u>1,855,461</u>	<u>2,302,585</u>	<u>727,519</u>	<u>724,792</u>	<u>2.55</u>	<u>3.18</u>

⁽¹⁾ Dividend paid to preference shares in preference to the ordinary shares for the year is calculated from the rights and benefits that the holders of preference shares receive dividend for each of the year that the Company pays dividend prior to the holders of ordinary shares at the rate of Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

3.23 Related party transactions

	(Unit: Thousand Baht)			
	As at 31 December 2009	Increase	Decrease	As at 31 December 2010
<u>Outstanding balance</u>				
(Eliminated in consolidated financial statements)				
Subsidiary companies				
Interbank and money market items (assets)				
TISCO Bank Public Company Limited	426,405	593,275	(626,126)	393,554
Interbank and money market items (liabilities)				
TISCO Securities Co., Ltd.	200,000	-	(200,000)	-
Loans				
Hi-Way Co., Ltd.	1,475,000	14,000	(208,000)	1,281,000
Dividend receivable				
TISCO Bank Public Company Limited	436,196	1,019,246	(436,196)	1,019,246
TISCO Securities Co., Ltd.	34,500	250,000	(34,500)	250,000
TISCO Asset Management Co., Ltd.	152,999	219,999	(152,999)	219,999
Hi-Way Co., Ltd.	-	99,998	-	99,998
TISCO Tokyo Leasing Co., Ltd.	-	1,470	(1,470)	-
Other assets				
TISCO Bank Public Company Limited	-	188,922	(114,334)	74,588
Borrowings				
TISCO Leasing Co., Ltd.	-	118,000	-	118,000
TISCO Information Technology Co., Ltd.	-	10,000	(10,000)	-
Interest payable				
TISCO Leasing Co., Ltd.	-	16	-	16
TISCO Securities Co., Ltd.	48	-	(48)	-
Other liabilities				
TISCO Bank Public Company Limited	-	2,344	-	2,344
TISCO Securities Co., Ltd.	7,842	75	(881)	7,036
TISCO Information Technology Co., Ltd.	3,768	55	-	3,823

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the year	For the year	(For the year 2010)
	ended	ended	
	31 December 2010	31 December 2009	
<u>Transactions occurred during the year</u>			
(Eliminated in consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	1,348,979	1,091,000	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest income	39,880	12,587	With reference to the terms and prices as offered to other customers
Rental income	52,607	45,278	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	134,000	15,000	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest expenses	195	73,271	With reference to the terms and prices as offered to other customers
Other expenses	275	3,125	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

Consolidated financial statements		
as at		
	31 December 2010	31 December 2009
Loans	196	1,949

Besides the above transactions, the Company has additional related party transactions with its subsidiaries, which are presented in Note 4.5 to the financial statements.

Directors and management's remuneration

In 2010 and 2009, the Company and its subsidiaries paid monthly remuneration, meeting allowances, salaries, provident fund contributions and bonuses to their directors and key managements totaling Baht 339 million and Baht 330 million, respectively (the Company only: Baht 237 million and Baht 179 million, respectively).

3.24 Financial information by segment

3.24.1 Financial information by business segment

(Unit: Million Baht)

For the years ended 31 December										
	Bank		Securities				Elimination		Total	
	business/financial		business		Other business					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest and dividend										
income after bad debt										
and doubtful accounts	5,249	4,366	39	40	1,571	1,996	(1,588)	(1,969)	5,271	4,433
Non-interest income	2,166	1,739	1,706	1,364	1,785	1,352	(1,781)	(1,582)	3,876	2,873
Non-interest expenses	(4,392)	(4,194)	(1,025)	(936)	(1,340)	(833)	1,768	1,502	(4,989)	(4,461)
Corporate income tax	(906)	(596)	(216)	(141)	(134)	(104)	-	-	(1,256)	(841)
Non-controlling interest										
of the subsidiaries	-	-	-	-	-	-	(14)	(16)	(14)	(16)
Net income for the year	2,117	1,315	504	327	1,882	2,411	(1,615)	(2,065)	2,888	1,988

(Unit: Million Baht)

As at 31 December

	Bank									
	business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Investments	5,107	8,438	1,512	1,063	14,879	15,369	(15,017)	(15,432)	6,481	9,438
Loans, receivables and accrued										
interest receivable - net	145,922	110,941	1,293	1,015	1,281	1,475	(1,499)	(1,490)	146,997	111,941
Other assets	16,148	15,523	1,382	1,312	3,164	2,041	(2,764)	(1,451)	17,930	17,425
Total assets	167,177	134,902	4,187	3,390	19,324	18,885	(19,280)	(18,373)	171,408	138,804

3.24.2 Significant financial positions and operating results by domestic and foreign activities

3.24.2.1 Financial position by activities

(Unit: Million Baht)

As at

	As at							
	31 December 2010				31 December 2009			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Total assets	190,630	58	(19,280)	171,408	157,112	65	(18,373)	138,804
Interbank and money								
market items (assets)	13,559	56	(1,070)	12,545	13,431	65	(788)	12,708
Investments	21,498	-	(15,017)	6,481	24,870	-	(15,432)	9,438
Loans, receivables and								
accrued interest								
receivable - net	148,496	-	(1,499)	146,997	113,431	-	(1,490)	111,941
Deposits in Baht	48,609	-	(73)	48,536	56,930	-	(122)	56,808
Interbank and money								
market items (liabilities)	11,513		(670)	10,843	6,652	-	(272)	6,380
Borrowings	92,600	-	(1,826)	90,774	61,012	-	(1,883)	59,129
Commitments	1,923	-	-	1,923	2,504	-	-	2,504

3.24.2.2 Operating results by activities

(Unit: Million Baht)

	For the years ended 31 December							
	2010				2009			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	6,859	-	(1,588)	5,271	6,402	-	(1,969)	4,433
Non-interest income	5,657	-	(1,781)	3,876	4,455	-	(1,582)	2,873
Non-interest expenses	(6,752)	(5)	1,768	(4,989)	(5,957)	(6)	1,502	(4,461)
Corporate income tax	(1,256)	-	-	(1,256)	(841)	-	-	(841)
Non-controlling interest of the subsidiaries	-	-	(14)	(14)	-	-	(16)	(16)
Net income for the year	<u>4,508</u>	<u>(5)</u>	<u>(1,615)</u>	<u>2,888</u>	<u>4,059</u>	<u>(6)</u>	<u>(2,065)</u>	<u>1,988</u>

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 December 2010	31 December 2009
Avals	194,136	21,651
Other guarantees	888,386	928,884
Undrawn client overdrafts facilities	33,273	8,052
Obligations covering principal under interest rate swap agreements (Note 3.26.5)	626,491	1,545,732
Obligations for cross currency swap agreements (Note 3.26.5)	180,908	-
	<u>1,923,194</u>	<u>2,504,319</u>

3.25.2 Litigation

As at 31 December 2010, the subsidiary company operating banking business has been sued for compensation totaling approximately Baht 152 million. Final judgments have not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 181 million as at 31 December 2010). During the year, the case is currently under consideration of the court.

The management of the Company and its subsidiaries believe that no material loss to the consolidated financial statements will be incurred as a result of the above mentioned lawsuits and damage claims.

3.25.3 Other commitments

- a) The Company and its subsidiary company operating banking business has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally between 3 and 10 years.

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	73
1 to 5 years	69
More than 5 years	4

3.26 Financial instruments

3.26.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans and receivables and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries (“the Group”) manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. They have also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because they have a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheets.

Quality of risk from provision of hire purchase receivables by a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follow:

(Unit: Million Baht)

	As at	
	31 December	31 December
	2010	2009
Neither past due nor impaired		
Very high grade	70,228	57,448
High grade	30,510	22,443
Medium grade	3,830	3,033
Sub total	104,568	82,924
Hire purchase receivable - overdue 31 - 90 days	6,360	6,440
Hire purchase receivable - overdue more than 90 days	1,460	1,386
Total	112,388	90,750

3.26.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices or interest rates, which may affect income or the capital funds of the Group.

In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. TISCO Group uses a combination of risk sensitivities, value-at-risk and stress testing to manage market risks and establish limits. The Value-at-Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value-at-Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

3.26.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position at the balance sheet date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of TISCO potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk as at	
	31 December 2010	31 December 2009
Marketable financial assets		
Equity securities	443	573
Debts securities	24	95
Foreign currencies	7	10

3.26.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over a period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the balance sheet date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

	Increase (Decrease) in sensitivity of net interest income as at	
	31 December 2010	31 December 2009
Change in interest rate		
Increase 1 percent	(268.42)	(305.10)
Decrease 1 percent	268.42	305.10

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than those effected in net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities are not included in marketable debt securities, which presented in the market risk - marketable portfolio.

3.26.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk, relating to financial instruments.

(Unit: Million Baht)

Consolidated financial statements				
as at 31 December 2010				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u>	<u>Fixed</u>	<u>Without</u>	<u>Total</u>
	<u>Interest rate</u>	<u>Interest rate</u>	<u>Interest</u>	
<u>Financial assets</u>				
Cash	-	-	903	903
Interbank and money market items	103	11,442	1,000	12,545
Investment - net	-	4,431	2,050	6,481
Receivable from clearing house	-	-	343	343
Loans and receivables ⁽¹⁾	8,524	139,896	2,739	151,159
	<u>8,627</u>	<u>155,769</u>	<u>7,035</u>	<u>171,431</u>
<u>Financial liabilities</u>				
Deposits	30,313	18,004	219	48,536
Interbank and money market items	1,298	9,545	-	10,843
Liabilities payable on demand	-	-	532	532
Borrowings	-	90,774	-	90,774
Payable to clearing house	-	-	19	19
Securities and derivative business payables	3	-	1,608	1,611
	<u>31,614</u>	<u>118,323</u>	<u>2,378</u>	<u>152,315</u>

⁽¹⁾Loans and receivables with floating rates and fixed interest rates include non-performing loans and receivables on accrual basis.

(Unit: Million Baht)

Consolidated financial statements

as at 31 December 2009

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating	Fixed	Without	Total
	Interest rate	Interest rate	Interest	
<u>Financial assets</u>				
Cash	-	-	827	827
Interbank and money market items	106	10,411	2,191	12,708
Investment - net	101	7,639	1,698	9,438
Receivable from clearing house	-	-	140	140
Loans and receivables ⁽¹⁾	8,342	104,429	1,595	114,366
	<u>8,549</u>	<u>122,479</u>	<u>6,451</u>	<u>137,479</u>
<u>Financial liabilities</u>				
Deposits	25,105	31,458	246	56,809
Interbank and money market items	840	5,540	-	6,380
Liabilities payable on demand	-	-	345	345
Borrowings	-	59,129	-	59,129
Payable to clearing house	-	-	193	193
Securities and derivative business payables	3	-	956	959
	<u>25,948</u>	<u>96,127</u>	<u>1,740</u>	<u>123,815</u>

⁽¹⁾Loans and receivables with floating rates and fixed interest rates include non-performing loans and receivables on accrual basis.

(Unit: Million Baht)

Separate financial statements

As at 31 December 2010

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating	Fixed	Without	Total
	Interest rate	Interest rate	Interest	
<u>Financial assets</u>				
Interbank and money market items	6	388	-	394
Investment - net	-	-	14,879	14,879
Loans and receivables	-	1,281	-	1,281
	<u>6</u>	<u>1,669</u>	<u>14,879</u>	<u>16,554</u>
<u>Financial liabilities</u>				
Borrowings	-	3,345	-	3,345
	<u>-</u>	<u>3,345</u>	<u>-</u>	<u>3,345</u>

(Unit: Million Baht)

Separate financial statements
as at 31 December 2009

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Interbank and money market items	66	360	-	426
Investment - net	-	-	15,369	15,369
Loans and receivables	-	1,475	-	1,475
	<u>66</u>	<u>1,835</u>	<u>15,369</u>	<u>17,270</u>
<u>Financial liabilities</u>				
Interbank and money market items	-	210	-	210
Borrowings	-	3,989	-	3,989
	<u>-</u>	<u>4,199</u>	<u>-</u>	<u>4,199</u>

Financial instruments which bear interest rate at fixed rates are classified below by the period from the balance sheet date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

<u>Transactions</u>	Consolidated financial statements as at 31 December 2010						
	Repricing or maturity date						Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
<u>Financial assets</u>							
Interbank and money market items	10	11,432	-	-	-	11,442	1.6186
Investment - net	41	1,570	480	2,335	5	4,431	5.2436
Loans and receivables	6,218	13,444	32,003	85,659	2,572	139,896	6.9089
	<u>6,269</u>	<u>26,446</u>	<u>32,483</u>	<u>87,994</u>	<u>2,577</u>	<u>155,769</u>	
<u>Financial liabilities</u>							
Deposits	1,606	12,245	3,844	309	-	18,004	1.7824
Interbank and money market items	230	5,057	187	4,071	-	9,545	2.6351
Borrowings	1,494	55,346	18,474	9,460	6,000	90,774	2.2478
	<u>3,330</u>	<u>72,648</u>	<u>22,505</u>	<u>13,840</u>	<u>6,000</u>	<u>118,323</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	36	10,375	-	-	-	10,411	1.2088
Investment - net	60	527	1,499	4,577	976	7,639	4.2709
Loans and receivables	1,250	9,972	25,108	66,634	1,465	104,429	7.6872
	<u>1,346</u>	<u>20,874</u>	<u>26,607</u>	<u>71,211</u>	<u>2,441</u>	<u>122,479</u>	
Financial liabilities							
Deposits	3,497	21,244	6,220	497	-	31,458	1.4297
Interbank and money market items	595	4,060	127	758	-	5,540	2.6696
Borrowings	2,463	38,313	12,923	1,430	4,000	59,129	1.9436
	<u>6,555</u>	<u>63,617</u>	<u>19,270</u>	<u>2,685</u>	<u>4,000</u>	<u>96,127</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2010							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	388	-	-	-	-	388	1.0000
Loans and receivables	1,281	-	-	-	-	1,281	2.5000
	<u>1,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669</u>	
Financial liabilities							
Borrowings	-	3,279	66	-	-	3,345	1.9949
	<u>-</u>	<u>3,279</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>3,345</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2009							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	360	-	-	-	-	360	1.0000
Loans and receivables	1,475	-	-	-	-	1,475	2.7500
	<u>1,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	
Financial liabilities							
Interbank and money market items	-	210	-	-	-	210	1.2667
Borrowings	-	3,549	440	-	-	3,989	1.6210
	<u>-</u>	<u>3,759</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>4,199</u>	

The balances of loans and receivables (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.26.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserves and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the Bank's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserves. The procurement and concentration of funding sources will be well-planned to optimize risk/return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the Bank set the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios are cover the Bank's specific scenario and Industry Based scenario which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposit and bill of exchange. In the past, there is high rollover rate for both matured deposit and bill of exchange. Besides, the subsidiary also issued subordinated debenture as part of source of fund. On the use of fund, the majority of funds are used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provide credit line to other companies under TISCO Financial Group to support liquidity position if require.

3.26.3.1 Remaining contractual maturity of liabilities.

(Unit: Million Baht)

As at 31 December 2010					
	Remaining Days				Total
	Less than 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Liabilities	108,339	17,359	4,929	19,508	150,135

The matured liabilities, both deposit and bill of exchange, are generally rollover with 90% average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit at 28% of total liabilities with remaining maturity less than three months. Both current deposit and saving deposit are considered to be more stable than term deposit or bill of exchange in term of cash outflow.

3.26.3.2 Composition of highly liquid assets, and internal ratio.

(Unit: Million Baht)

As at	
31 December 2010	
Highly liquid assets	
Cash	903
Interbank and money market - net	12,360
Current Investment	2,463
Total liquid assets ⁽¹⁾	15,726
Liquid asset requirement ⁽¹⁾	3,103

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As of 31 December 2010, the subsidiary operating banking business has highly liquid assets at Baht 15,726 million, which higher than internal liquid asset requirement of Baht 3,103 million. In addition of liquid assets, the subsidiary operating banking business has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.26.3.3 Counting from the balance sheet date, as at 31 December 2010 and 2009, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2010								
Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non performing	Total
		Months	months	years	years		Loans*	
Financial assets								
Cash	903	-	-	-	-	-	-	903
Interbank and money market items	1,113	11,432	-	-	-	-	-	12,545
Investments - net	41	1,570	480	2,335	5	2,050	-	6,481
Receivable from clearing house	-	343	-	-	-	-	-	343
Loans and receivables	8,342	13,548	32,560	88,675	4,121	-	3,913	151,159
	<u>10,399</u>	<u>26,893</u>	<u>33,040</u>	<u>91,010</u>	<u>4,126</u>	<u>2,050</u>	<u>3,913</u>	<u>171,431</u>
Financial liabilities								
Deposits	32,138	12,245	3,844	309	-	-	-	48,536
Interbank and money market items	318	5,194	606	4,725	-	-	-	10,843
Liabilities payable on demand	532	-	-	-	-	-	-	532
Securities and derivative business								
payables	3	1,608	-	-	-	-	-	1,611
Borrowings	1,494	55,346	18,474	9,460	6,000	-	-	90,774
Payable to clearing house	-	19	-	-	-	-	-	19
	<u>34,485</u>	<u>74,412</u>	<u>22,924</u>	<u>14,494</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>152,315</u>
Off-balance sheet items								
Aval to bills and guarantees of loans	33	187	271	-	-	591	-	1,082
Other commitments	-	56	178	573	-	33	-	840

* Non performing loan according to the BOT's guidelines

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009

<u>Transactions</u>	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing * Loans	
Financial assets								
Cash	827	-	-	-	-	-	-	827
Interbank and money market items	2,333	10,375	-	-	-	-	-	12,708
Investments - net	690	527	1,600	4,577	976	1,068	-	9,438
Receivable from clearing house	-	140	-	-	-	-	-	140
Loans and receivables	1,709	9,379	25,678	71,049	2,122	-	4,429	114,366
	<u>5,559</u>	<u>20,421</u>	<u>27,278</u>	<u>75,626</u>	<u>3,098</u>	<u>1,068</u>	<u>4,429</u>	<u>137,479</u>
Financial liabilities								
Deposits	28,848	21,244	6,220	497	-	-	-	56,809
Interbank and money market items	609	4,212	515	1,044	-	-	-	6,380
Liabilities payable on demand	345	-	-	-	-	-	-	345
Borrowings	2,463	38,313	12,923	1,430	4,000	-	-	59,129
Payable to clearing house	-	193	-	-	-	-	-	193
Securities and derivative business payables	3	956	-	-	-	-	-	959
	<u>32,268</u>	<u>64,918</u>	<u>19,658</u>	<u>2,971</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>123,815</u>
Off-balance sheet items								
Aval to bills and guarantees of loans	-	-	22	-	-	-	-	22
Other commitments	31	537	845	626	-	444	-	2,483

*

Non performing loan according to the BOT's guidelines

(Unit: Million Baht)

Separate financial statements as at 31 December 2010

<u>Transactions</u>	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans	
Financial assets								
Interbank and money market items	394	-	-	-	-	-	-	394
Investments - net	-	-	-	-	-	14,879	-	14,879
Loans and receivables	1,281	-	-	-	-	-	-	1,281
	<u>1,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,879</u>	<u>-</u>	<u>16,554</u>
Financial liabilities								
Borrowings	-	3,279	66	-	-	-	-	3,345
	<u>-</u>	<u>3,279</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,345</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2009

Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans	
Financial assets								
Interbank and money market items	426	-	-	-	-	-	-	426
Investments - net	-	-	-	-	-	15,369	-	15,369
Loans and receivables	1,475	-	-	-	-	-	-	1,475
	<u>1,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,369</u>	<u>-</u>	<u>17,270</u>
Financial liabilities								
Interbank and money market items	-	210	-	-	-	-	-	210
Borrowings	-	3,549	440	-	-	-	-	3,989
	<u>-</u>	<u>3,759</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,199</u>

3.26.4 Foreign exchange risk

- a) As at 31 December 2010, the Company and its subsidiaries had significant financial instruments in foreign currencies, which is investment in a subsidiary company indirectly owned by the Company amounting to HKD 20 million (under the cost method net of allowance for impairment equivalent to Baht 49 million).
- b) Investment in foreign debt securities held by the subsidiary operating banking business amounting to USD 6 million (amortised cost amounting to Baht 197 million), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.26.5 to the financial statements.

3.26.5 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivative instruments, for trading and hedging risks.

As at 31 December 2010, the subsidiaries have the following financial derivative instruments.

- a.1) Financial derivative instruments classified as derivatives held for trading

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial liabilities. The subsidiary has signed contracts to pay interest at a fixed rate and receive interest at a floating rate, as follow:

(Unit: Million Baht)

Maturity	Notional amount	Fair value gain (loss)
2012	300	2

a.2) Cross currency swap agreement

The subsidiary operating banking business entered into cross currency swap agreements to manage risk associated with investments in foreign debt securities, as follow:

(Unit: Million Baht)			
Maturity	Number of contracts	Notional amount	Fair value gain (loss)
2013	4	181	11

b) Financial derivative instruments classified as derivatives for cash flow hedges

The subsidiary operating leasing business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial liabilities. Such subsidiary has signed contracts to pay interest at a fixed rate and receive interest at a floating rate, as follow:

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2013	326	(9)

The hedged cash flows are expected to occur and when they are expected to affect income statements are in the periods as follows:

(Unit: Million Baht)		
	Less than 1 year	1 - 4 years
Interest expenses	5	1

The net loss on cash flow hedges transferred from shareholders' equity to the income statement for the year ended 31 December 2010, and arose from interest payment under interest rate swap contracts used to hedge cash flows as follows:

(Unit: Million Baht)	
For the year ended 31 December 2010	
Interest expenses	28

3.26.6 Fair value of financial instruments

As at 31 December 2010 and 2009, the fair values of significant financial instruments of the Company and its subsidiaries, as presented below.

(Unit: Million Baht)

<u>Transactions</u>	As at			
	31 December 2010		31 December 2009	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets</u>				
Cash	903	903	827	827
Interbank and money market items	12,545	12,545	12,708	12,708
Investments - net	6,481	6,481	9,438	9,438
Receivable from clearing house	343	343	140	140
Loans and receivables	146,997	150,881	111,941	115,320
<u>Financial liabilities</u>				
Deposits	48,536	48,536	56,808	56,808
Interbank and money market items	10,843	10,843	6,380	6,380
Liabilities payable on demand	532	532	345	345
Borrowings	90,774	90,861	59,129	59,070
Payable to clearing house	19	19	193	193
Securities and derivative business payables	1,611	1,611	959	959

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book values of financial instruments are the values net of the full amount of such allowance for doubtful debt, after adjusting for loan loss reserve.

4. Significant events during the year and other information

4.1 Holding restructuring

On 24 April 2009, the 2009 Annual General Meeting of Shareholders of the Company passed a resolution to acquire the remaining 0.49% of shares in TISCO Bank from the minority shareholders after the completion of the shareholding restructuring of TISCO Group in January 2009. The shareholders delegated authority to the Company's Board of Directors to implement the share swap process, as they consider appropriate. However, the swap price or the cash purchase price are not to exceed the book value of TISCO Bank as at 31 December 2008 adjusted with the dividend payment from the operation results of year 2008 and are not to exceed the previous swap price.

During the year 2010, the Company undertook to issue the Company's ordinary shares in exchange of the remaining 1,039,099 ordinary shares of TISCO Bank at a price of Baht 14.66 per share, totaling Baht 15 million, from the minority shareholders.

In addition, the Company acquired the remaining 24 ordinary shares of TISCO Bank at a price of Baht 14.66 per share, totaling Baht 352, from the minority shareholders. As a result, the Company's shareholding in TISCO Bank increased to 99.98 percent of TISCO Bank's paid up shares and there are 119,520 shares of TISCO Bank held by minority shareholders (119,416 ordinary shares and 104 preference shares), which is equivalent to 0.02 percent of TISCO Bank's shares in issue.

According to this acquiring of the remaining ordinary shares of TISCO Bank from the minority shareholders, the difference of the ordinary share swap price and the net asset value of the remaining ordinary shares of TISCO Bank arising in this period was Baht 7 million. The difference amount was recorded in "Adjustment from business combination of entities under common control under holding restructuring plan" as presented in shareholders' equity of the consolidated financial statements.

With respect to the Company's ordinary shares which were issued in exchange of the remaining 1,039,099 ordinary shares of TISCO Bank from the minority shareholders, the Company already registered the increase in its paid-up share capital with the Ministry of Commerce.

4.2 Acquisition of subsidiary

On 2 March 2009, the Company acquired a 100% stake in Primus Leasing Company Limited from its former shareholders. As a result, the Company has management control over this company and considers it to be a subsidiary. The transaction was approved by the Company's Extraordinary General Meeting of the Shareholders No.2/2008 on 23 December 2008 and by the Bank of Thailand on 27 February 2009. In accordance with the conditions in the share purchase agreement, the purchase price depends on the audited financial statements. The Company has received the audited net asset value of Primus Leasing Company Limited as at 28 February 2009. The audited net asset value totals approximately Baht 783 million, while the net fair value of assets and liabilities of Primus Leasing Company Limited totals approximately Baht 861 million. The excess of the fair value and the net asset value is mainly due to hire purchase receivables and financial lease receivables.

The Company paid approximately Baht 890 million for its acquisition of Primus Leasing Company Limited. The difference between the purchase price and the net fair value of assets and liabilities of Primus Leasing Company Limited is considered as goodwill resulted from the acquisition. However, the management of the Company has considered that the amount of goodwill is not materially significant. In addition, the factors used in the assessment of the value of goodwill are uncertain. The Company therefore wrote-off the goodwill and recorded it as other expense in the consolidated income statement.

Fair values of net assets of Primus Leasing Company Limited as at the acquisition date (2 March 2009) are as follows:

	(Unit: Million Baht)	
	The adjusted net asset value after receipt of the audit results	
	Fair value	Book value (Audited)
Interbank and money market items (assets) - deposits	1,014	1,014
Hire purchase and finance leases receivables - net	5,134	5,032
Property foreclosed	10	10
Other debtors	1,250	1,250
Other assets	69	86
Total asset	7,477	7,392
Borrowings	6,200	6,200
Other liabilities	416	409
Total liabilities	6,616	6,609
Net assets	861	783

4.3 Significant events of subsidiaries

4.3.1 Investment in securities

During 2010, the subsidiary operating banking business disposed all of its held-to-maturity debt securities, with gains on the disposals amounting to Baht 68 million.

4.3.2 Reduction of its subsidiaries' share capital and capital returns from subsidiary

TISCO Global Securities Limited

In August 2009, TISCO Securities Company Limited received the return capital from the dissolution of TISCO Global Securities Limited amounting to Baht 7 million and TISCO Global Securities Limited already completed the liquidation on 12 November 2009.

TISCO Securities Company Limited

A resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Securities Company Limited No.1/2009, on 15 December 2009, approved a decrease in that company's registered share capital from Baht 1,500 million (150,000,000 ordinary shares of Baht 10 each) to Baht 1,000 million (100,000,000 ordinary shares of Baht 10 each). On 29 March 2010, the company registered the decrease in its registered share capital with the Ministry of Commerce.

In March 2010, the Company received the return of capital from the reduction of registered share capital of TISCO Securities Company Limited amounting to Baht 500 million.

4.3.3 Increase of its subsidiary's registered share capital

TISCO Leasing Company Limited

A resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.1/2010, on 27 October 2010, approved an increase in that company's registered share capital from Baht 14 million (140,000 ordinary shares of Baht 100 each) to Baht 100 million (1,000,000 ordinary shares of Baht 100 each). On 29 October 2010, the subsidiary company registered the increase in its registered share capital with the Ministry of Commerce.

4.4 Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share	Ordinary share		
		Baht per share	Baht per share		
Final dividends for 2008	The 2009 Annual General Meeting of the Shareholders on 24 April 2009	2.00	1.00	908	May 2009
Interim dividends for 2009	The 2009 Annual General Meeting of the Shareholders on 24 April 2009	1.00	0.50	454	July 2009
Total dividend payment in year 2009				<u>1,362</u>	
Final dividends for 2009	The 2010 Annual General Meeting of the Shareholders on 29 April 2010	1.24	1.24	902	May 2010
Total dividend payment in year 2010				<u>902</u>	

4.5 Related party transactions

Besides the related party transactions as described in Note 3.23 to the financial statements, during the year, there are related party transactions with its related companies under TISCO Group, as presented below. Gain or loss occurred from the related party transactions of TISCO Group were eliminated from the consolidated financial statements.

Year 2009

On 2 March 2009, TISCO Bank entered into an assignment agreement to acquire rights of claim over hire purchase receivables, lease receivables and property foreclosed of Primus Leasing Company Limited for a total consideration of approximately Baht 5,144 million, which was at fair value. The fair value of receivables was calculated by discounting cash flow projections under the hire purchase and lease contracts. The discount rate applied was the current new business (new car) rate. The fair value of property foreclosed was reference from market price. The purchase price was paid to that company on 24 April 2009. Primus Leasing Company Limited recorded a gain from the sale of Baht 102 million.

5. Subsequent event

Registration of the establishment of a subsidiary company

A resolution passed by the Executive Board of TISCO Financial Group Public Company Limited No.10/2010, on 18 November 2010, approved the incorporation of TISCO Learning Center Company Limited, with a registered share capital of Baht 5 million (50,000 ordinary shares of Baht 100 each) and the Company to hold 100% of shares. On 1 February 2011, the Company registered the establishment of this company with the Ministry of Commerce

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 4 February 2011.

