

Information Disclosures under Basel III Capital Requirement As of 30 June 2016

Scope of Information Disclosure

TISCO Financial Group Public Company Limited (TISCO) discloses information under Basel III capital requirement based on the full consolidated position and in accordance with the Bank of Thailand's notification SorNorSor 5/2556 on the regulatory disclosure requirement for consolidated financial institutions. The full-consolidation structure of TISCO Financial Group can be shown as follow.



However, TISCO Tokyo Leasing Co., Ltd. is not included in the consolidated financial statements since its shares are held by TISCO Group in a ratio of less than 50% of issued and paid-up shares. In addition, TISCO Group adopts a materiality concept which is in consistent with accounting concept.

Capital Structure

According to the Bank of Thailand's regulation, the regulatory capital for commercial banks registered in Thailand and based on Internal Rating Based Approach (IRB) consists of Common Equity Tier 1 (CET1), Additional Tier 1, and Tier 2 Capital. CET1 capital includes paid up capital, premium (discount) on share capital and warrants, statutory reserve, reserves appropriated from net profits, net profit after appropriation, and other components following the BOT's regulation, which are the net amount after regulatory adjustments such as goodwill and intangible assets, where Additional Tier 1 capital consists of money received from the issuance of non-cumulative preferred stocks and money received from the issuance of debts instruments that are subordinated to depositors, general creditors, and other subordinated debts of



TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED

the bank, which are the net amount after regulatory adjustments such as reciprocal cross holding in the Additional Tier 1 capital of banking, financial and insurance entities.

Tier 2 capital is the sum of instruments issued by the bank which meet the criteria for inclusion in Tier 2 capital, general provision and surplus of provision, less any deduction from Tier 2 capital.

For TISCO Group, Tier 1 capital primarily comprises of paid-up share capital and cumulative profit after appropriation, while Tier 2 capital mostly consists of long-term subordinated debentures issued. Additionally, the deductions from shortage of reserve are also incorporated in Tier 1 capital.

Table 1 TISCO Financial Group's Capital Structure

Unit : Million Baht

Items	30-Jun-16	31-Dec-15
1. Tier 1 Capital	25,329.51	23,382.88
1.1 CET 1	25,329.40	23,382.69
1.1.1 Paid-up share capital	8,006.45	8,006.37
1.1.2 Premium (discount) on share capital	1,018.41	1,018.41
1.1.3 Warrants	-	-
1.1.4 Statutory reserves	709.50	596.30
1.1.5 Reserve appropriated from net profit	-	-
1.1.6 Retained earnings after appropriation	15,057.62	13,574.76
1.1.7 Other components of CET1 and disclosed reserves	1,430.93	1,363.34
1.1.8 Non-controlling interests	-	-
1.1.9 Any adjustments of CET 1	-	-
1.1.10 Deductions from CET 1 *	893.50	1,176.48
1.2 Additional Tier 1	0.11	0.19
1.2.1 Non-cumulative perpetual preferred stock and non-cumulative perpetual preferred stock warrants	0.11	0.19
1.2.2 Hybrid Tier 1 to be counted as Tier 1 Capital	-	-
1.2.3 Surplus (shortfall) from the issue of instruments in 1.2.1-1.2.2 where the bank receives funds	-	-
1.2.4 Eligible non-controlling interests	-	-
1.2.5 Deductions from Additional Tier 1 Capital **	-	-
2. Tier 2 Capital	6,970.03	6,932.82
2.1 Cumulative perpetual preferred stock and cumulative perpetual preferred stock warrants	-	-
2.2 Funds received from debt instruments subordinated to depositors and general creditors	6,643.00	6,643.00
2.3 Surplus (shortfall) from the issue of the instruments 2.1-2.2 where the bank receives funds	-	-
2.4 General provision	327.03	289.82
2.5 Surplus of provisions	-	-
2.6 Deductions from Tier 2 ***	-	-
3. Total Regulatory Capital	32,299.54	30,315.70

* e.g. Net losses, goodwill, intangible assets, deferred tax assets, and shortfall of provisions

** Investment in financial instruments which can be counted as Tier 1 Capital of commercial bank

*** Investment in financial instruments which can be counted as Tier 2 Capital of commercial bank

Capital Adequacy under Basel III Capital Accord

Based on minimum capital requirement under Basel III effective since the beginning of 2014, TISCO Group has adopted the Internal Rating Based Approach (IRB) for regulatory capital calculation of credit risk since December 31, 2012. The IRB approach is considered more sophisticated calculation given that it can truly reflect TISCO Group risk profiles as well as assets quality with more prudent than the calculation from the Standardised Approach (SA) which is less comprehensive risk weights subject to quality of assets. The risk parameters relied on determining the capital requirement consists of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

Capital adequacy of the TISCO Group is still in strong position and adequate to support business expansion into the future. At the end of 2014, the regulatory capital adequacy ratio (BIS ratio) based on IRB approach stood at 17.47%, remaining higher than 9.125%% required by the Bank of Thailand, while Tier-I capital adequacy ratio stood at 13.70%, which remained higher than the minimum requirement at 6.625%.

Table 2 Minimum Capital Requirements for Credit Risk by Asset Classes under SA Approach

Unit : Million Baht

Credit Risk - SA	30-Jun-16	31-Dec-15
Performing	2,025.88	3,168.31
1. Claims on Financial Institutions and Public Sector Entities treated as Claims on Financial Institutions and Securities Company	102.15	159.49
2. Claims on Corporate and Public Sector Entities treated as Claims on Corporate	1,225.91	1,304.49
3. Claims on Retail	668.49	1,670.17
4. Claims on Residential Property	29.33	34.15
5. Other Assets	-	-
Non-performing	59.19	52.86
Total Minimum Capital Requirements for Credit Risk - SA	2,085.07	3,221.17

Table 3 Minimum Capital Requirements for Credit Risk by Asset Classes under IRB Approach

Unit : Million Baht

Credit Risk - IRB	30-Jun-16	31-Dec-15
Non-Default	10,430.58	9,204.73
1. Corporate Lending	1,797.01	1,858.15
2. Retail	8,063.61	6,738.15
3. Equity Exposure	214.46	197.72
4. Other Assets	355.50	410.70
Default	853.52	919.27
Total Minimum Capital Requirements for Credit Risk - IRB	11,284.10	10,123.99

Table 4 Minimum Capital Requirements for Equity Exposures under IRB Approach

Unit : Million Baht

Minimum Capital Requirements for Equity Exposures under IRB	30-Jun-16	31-Dec-15
Equity Exposure with an Exemption from IRB Calculation	214.46	197.72
Total Minimum Capital Requirements for Operational Risk	214.46	197.72

Table 5 Minimum Capital Requirements for Market Risk (Standardized Approach / Internal Model Approach)

Unit : Million Baht

Minimum Capital Requirements for Market Risk	30-Jun-16	31-Dec-15
Standardized Approach	50.13	41.95
Internal Model Approach	-	-
Total Minimum Capital Requirements for Market Risk	50.13	41.95

* Since the transaction amount in trading book of TISCO Group was lower than the minimum thresholds required by the Bank of Thailand, the market risk capital was maintained only for the element that cover price risk of commodities related products.

Table 6 Minimum Capital Requirements for Operational Risk

Unit : Million Baht

Minimum Capital Requirements for Operational Risk	30-Jun-16	31-Dec-15
Standardized Approach	2,300.29	2,287.60
Total Minimum Capital Requirements for Operational Risk	2,300.29	2,287.60

Table 7 TISCO Bank's Capital Adequacy Ratio

Unit : %

Ratio	30-Jun-16		31-Dec-15	
	TISCO's Capital Ratio	Regulatory Minimum Requirement	TISCO's Capital Ratio	Regulatory Minimum Requirement
1. Total Capital Adequacy Ratio	17.47%	9.125%	16.44%	8.50%
2. Total Tier I Capital Adequacy Ratio	13.70%	6.625%	12.68%	6.00%
3. CET 1 Capital Adequacy Ratio	13.70%	5.125%	12.68%	4.50%

Market Risk

An effective market risk management has been established by adopting the risk management policy approved by the Risk Management Committee, supported by enterprise risk management function in order to ensure appropriate application of the policy in all functions.

In accordance with the market risk capital requirement based on the Bank of Thailand's rules and regulations, since the trading book position of TISCO is still below the minimum thresholds, TISCO is

required to maintain its capital to support the market risk only for the element that cover the price risk of commodities related product. However, internal market risk assessments including all positions related to price and interest rate change has been performed to ensure the effective market risk management still in place.

Table 8 Minimum Capital Requirement for Market Risk under Standardised Approach

Unit : Million Baht

Minimum Capital Requirement for Market Risk under SA	30-Jun-16	31-Dec-15
1. Interest Rate Risk	-	-
2. Equity Price Risk	-	-
3. Foreign Exchange Rate Risk	-	-
4. Commodity Price Risk	50.13	41.95
Total	50.13	41.95

TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED



Composition of capital disclosure requirements

Attachment 1

Main features of regulatory capital instruments

Subject		Description					
1	Issuer	TISCO Financial Group Public Company Limited					
2	Unique identifier	TISCO20DA	TISCO22DA	TISCO223A	TISCO241A	TISCO242A	TISCO256A
<i>BOT's regulatory treatment</i>							
3	Instrument type (CET 1 / Tier 1 / Tier 2)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
4	Qualified as capital under Basel III	Not qualified	Not qualified	Qualified	Qualified	Qualified	Qualified
5	If not, specify unqualified feature as per the Basel III regulation	No loss absorption at the point of non-viability, but exempt as per the BOT's notification	No loss absorption at the point of non-viability, but exempt as per the BOT's notification	-	-	-	-
6	Recognised as capital partially or in full	partially recognised	partially recognised	Fully recognised	Fully recognised	Fully recognised	Fully recognised
7	Eligible at solo/ group / group & solo	Group & Solo	Group & Solo	Group & Solo	Group & Solo	Group & Solo	Group & Solo
8	Amount recognised in regulatory capital (Unit: million baht)	1,000 MM baht	1,243 MM baht	1,000 MM baht	1,600 MM baht	800 MM baht	1,000 MM baht
9	Par value of instrument (Unit: baht)	1,000 baht	1,000 baht	1,000 baht	1,000 baht	1,000 baht	1,000 baht
10	Accounting classification	Financial liabilities stated at amortised cost	Financial liabilities stated at amortised cost	Financial liabilities stated at amortised cost	Financial liabilities stated at amortised cost	Financial liabilities stated at amortised cost	Financial liabilities stated at amortised cost
11	Original date of issuance	December 13, 2010	December 19, 2012	March 9, 2012	January 29, 2014	February 19, 2014	June 5, 2015
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	December 13, 2020	December 19, 2022	March 9, 2022	January 29, 2024	February 19, 2024	June 5, 2025
14	Issuer call subject to prior supervisory approval	Issuer call option with BOT's prior approval	Issuer call option with BOT's prior approval	Issuer call option with BOT's prior approval	Issuer call option with BOT's prior approval	Issuer call option with BOT's prior approval	Issuer call option with BOT's prior approval
15	Optional call date, contingent call dates and redemption amount	(1) Prior to the 5th year after the issuing date, if the issuer is informed by the BOT that this debenture is not or is no longer classified as instrument eligible for inclusion in Tier 2 capital, or is eligible for inclusion in Tier 2 capital but is lower than 50% of Tier 1 capital; or (2) On the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (3) 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 (4) The issuer is able to finance equal or greater quantity of capital instead of the debentures, or the issuer possesses Tier 1 capital larger than the minimum determined by the BOT after redemption, or (5) Any cases or conditions to be specified by the BOT in the future.	(1) On the 5th anniversary from the issue date or on any coupon dates after the 5th year of issuance if the issuer is able to finance equal or greater quantity of capital instead of the debentures, or the issuer possesses Tier 1 capital larger than the minimum determined by the BOT after redemption; or (2) 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 (3) Any cases or conditions to be specified by the BOT in the future.	(1) On the 5th anniversary from the issue date, or at any coupon dates after the 5th year of issuance; or (2) 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 (3) The issuer is able to finance equal or greater quantity of capital instead of the debentures, or the issuer possesses Tier 1 capital larger than the minimum determined by the BOT after redemption; or (4) Any cases or conditions to be specified by the BOT in the future.	(1) On the 5th anniversary from the issue date or on any coupon dates after the 5th year of issuance if the issuer is able to finance equal or greater quantity of capital instead of the instruments, or the issuer possesses Tier 1 capital larger than the minimum determined by the BOT after redemption; or (2) The issuer is able to demonstrate that interests paid by this instrument can no longer be deducted as expenditure of the issuer for tax benefits; or (3) Any cases or conditions to be specified by the BOT in the future.	(1) On the 5th anniversary from the issue date or at any coupon dates after the 5th year of issuance; or (2) Any change in tax law which affect tax benefits of the issuer; or (3) Any change in regulatory capital requirement that occurs on or after the issue date which disqualifies these debentures to be included in the Tier 2 capital of the issuer; or (4) Any other conditions which the Bank of Thailand may prescribe	



Subject		Description					
16	Subsequent call dates, if applicable						
	<i>Coupons / Other returns</i>						
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Fixed at 4.8%	Fixed at 4.6%	Fixed at 4.85%	Fixed at 6.0%	Fixed at 6.0%	Fixed at 4.5%
19	Existence of a dividend stopper	No dividend stopper	No dividend stopper	No dividend stopper	No dividend stopper	No dividend stopper	No dividend stopper
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No step up interest payment	No step up interest payment	No step up interest payment	No step up interest payment	No step up interest payment	No step up interest payment
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	-	-	-	-	-	-
25	If convertible, fully or partially	-	-	-	-	-	-
26	If convertible, conversion rate	-	-	-	-	-	-
27	If convertible, specify instrument type convertible into	-	-	-	-	-	-
28	If convertible, specify issuer of instrument it converts into	-	-	-	-	-	-
29	Write-down feature	No write-down feature	No write-down feature	No write-down feature	Write-down feature	Write-down feature	Write-down feature
30	If write-down, write-down trigger(s)	-	-	-	In case of non-viability and regulatory authorities deciding to provide financial aids to the issuer, these debentures may be written off in proportion not exceed the lowering of par value of common share and preferred share after the	In case of non-viability and regulatory authorities deciding to provide financial aids to the issuer, these debentures may be written off in proportion not exceed the lowering of par value of common share and preferred share after the	In case of non-viability and/or regulatory authorities deciding to provide financial aids to the issuer, these debentures may be required to be written off (fully or partially).
31	If write-down, full or partial	-	-	-	Full or partial write-down	Full or partial write-down	Full or partial write-down
32	If write-down, permanent or temporary	-	-	-	Permanent	Permanent	Permanent
33	if temporary write-down, description of write-up mechanism	-	-	-	-	-	-
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Hybrid debt capital instrument / Preferred stock / Common stock	Hybrid debt capital instrument / Preferred stock / Common stock	Hybrid debt capital instrument / Preferred stock / Common stock	Hybrid debt capital instrument / Preferred stock / Common stock	Hybrid debt capital instrument / Preferred stock / Common stock	Hybrid debt capital instrument / Preferred stock / Common stock



Reconciliation Requirements

Unit: MM baht			
Items related to capital funds as of June 30, 2016	Balance sheet as in published financial statements (a)	Under regulatory scope of consolidation (b)	References (c)
Assets			
1. Cash	974.37	974.37	
2. Interbank and money market items - net	28,869.59	28,869.59	
3. Claims on security	-	-	
4. Derivatives assets	-	-	
5. Investments - net	7,131.27	7,131.27	
6. Investment in subsidiaries - net	346.44	379.30	
7. Loans to customers and accrued interest receivables			
7.1 Loans to customers	251,678.41	251,678.41	
7.2 Accrued interest receivables	521.45	521.45	
Total loans to customers and accrued interest receivables	252,199.86	252,199.86	
7.3 <u>Less</u> Deferred revenue	- 20,845.75	- 20,845.75	
7.4 <u>Less</u> Allowances for doubtful accounts	- 6,792.37	- 6,792.37	
7.5 <u>Less</u> Revaluation allowance for debt restructuring	-	-	
Total loans to customers and accrued interest receivables - net	224,561.74	224,561.74	
8. Customers' liabilities under acceptances	-	-	
9. Property foreclosed - net	9.30	9.30	
10. Premises and equipment - net	2,601.12	2,601.12	
11. Goodwill and intangible assets - net	431.24	431.24	I
12. Deferred tax assets	469.43	469.43	
13. Other assets - net	4,828.70	4,828.70	
Total Assets	270,223.19	270,256.05	



Items related to capital funds as of June 30, 2016	Balance sheet as in published financial statements (a)	Under regulatory scope of consolidation (b)	References (c)
Liabilities			
14. Deposits	152,001.23	152,034.13	
15. Interbank and money market items - net	11,361.29	11,361.29	
16. Liabilities payable on demand	282.21	282.21	
17. Liabilities to deliver security	-	-	
18. Financial liabilities designated at fair value through profit and loss	-	-	
19. Derivatives liabilities	49.39	49.39	
20. Debts issued and borrowings			
20.1 Subordinated unsecured debentures	6,643.00	6,643.00	K
20.2 Unsubordinated unsecured debentures	54,016.00	54,016.00	
20.3 Unsubordinated guaranteed debentures	-	-	
20.4 Bills of exchange and Promissory notes	6,386.92	6,386.92	
21. Liabilities under acceptances	-	-	
22. Provisions	613.94	613.94	
23. Accrued interest payables	-	-	
24. Other liabilities	10,145.47	10,145.43	
Total Liabilities	241,499.46	241,532.32	
25. Shareholders' Equity			
25.1 Share capital			
25.1.1 Registered			
25.1.1.1 Preferred shares	0.34	0.34	
25.1.1.2 Common shares	8,006.69	8,006.69	
25.1.2 Issued and paid-up			
25.1.2.1 Preferred shares	0.11	0.11	J
25.1.2.2 Common shares	8,006.45	8,006.45	A
25.2 Warrants			
25.3 Share premium (discount)			
25.3.1 Share premium (discount) on preferred shares			
25.3.2 Share premium (discount) on common shares	1,697.67	1,697.67	B.1 & B.2



Items related to capital funds as of June 30, 2016	Balance sheet as in published financial statements (a)	Under regulatory scope of consolidation (b)	References (c)
25.4 Capital surplus on treasury stock - preferred shares			
25.5 Capital surplus on treasury stock - common shares			
25.6 Other components of shareholders' equity			
25.6.1 Surplus on revaluation of assets	894.28	894.28	E
25.6.2 Revaluation surplus (deficit) of equity investment	- 149.26	- 149.26	F
25.6.3 Revaluation surplus (deficit) of debt securities investment	23.72	23.72	G
25.6.4 Translation differences	-	-	
25.6.5 Gains (losses) on cash flow hedges	- 7.60	- 7.60	H
25.6.6 Gains (losses) on hedges of a net investment in foreign operations	-	-	
25.6.7 Share of other comprehensive income of associates	-	-	
25.7 Retained earnings (deficit)			
25.7.1 Appropriated			
25.7.1.1 Statutory reserves	709.50	709.50	C
25.7.1.2 Others		15,057.62	D
25.7.2 Unappropriated	17,447.74	2,390.12	
25.8 <u>Less</u> Treasury stocks - preferred shares			
25.9 <u>Less</u> Treasury stocks - common shares			
Equity attributable to owners of the company			
25.10 Non-controlling interests of the subsidiaries	101.12	101.12	
Total Shareholders' Equity	28,723.73	28,723.73	
Total Liabilities and Shareholders' Equity	270,223.19	270,256.05	



Reconciliation requirements related to capital funds

Unit: MM baht

Capital Funds as of June 30, 2016		Components of capital funds (d)	References under regulatory scope of consolidation (e)
Common Equity Tier 1 (CET1): Eligible items for Common Equity Tier 1			
1	Paid-up shares capital net of treasury stocks	8,006.45	A
2	Warrants	-	
3	Premium (discount) on common share capital - net	1,018.41	B.1
4	Statutory reserves	709.50	C (The rest is still waiting for Board's approval.)
5	Reserve appropriated from net profit	-	
6	Retained earnings after appropriation	15,057.62	D
7	Accumulated other comprehensive income		
7.1	Change in incremental from revaluation appraisal of land, buildings, or units of condominium	894.28	E
7.2	Gain (loss) on revaluation of available for sale equity investment	- 149.26	F
7.3	Gain (loss) on revaluation of available for sale debt securities	14.23	G (ทยอยนับปีละ 20% เริ่ม ม.ค. 57)
7.4	Gain (loss) from translation of financial statements of foreign operations	-	
7.5	Gain (loss) on fair value estimation of derivatives for cash flow hedge reserve	- 7.60	H
7.6	Gain (loss) on hedges of a net investment in a foreign operation	-	
8	Other items from owner changes	679.27	B.2
9	Non-controlling interest of subsidiaries operating in commercial bank business which can be counted as CET1 of consolidated financial institutions	-	
10	Total Common Equity Tier 1 (CET1) before regulatory adjustments and deduction items	26,222.90	
Common Equity Tier 1 (CET1): Regulatory adjustments			
11	Change in fair value of derivatives for cash flow hedge reserve	-	
12	ค่าโร (ขาดทุน) สะสมที่เกิดจากการเลือกใช้วิธี Fair value option	-	
13	Other items specified by the Bank of Thailand	-	
14	Total regulatory adjustments to Common Equity Tier 1	-	



Capital Funds as of June 30, 2016		Components of capital funds (d)	References under regulatory scope of consolidation (e)
<u>Common Equity Tier 1 (CET1): Deduction items</u>			
15	Net loss	-	
16	Goodwill	-	
17	Intangible assets	258.75	I (ทยอยนับปีละ 20% เริ่ม ม.ค. 57)
18	Deferred tax assets	559.73	
19	Shortfall of provision	75.03	
20	Securitisation gain on sale	-	
21	Reciprocal cross-holdings in common equity between banks and other financial business companies and other supporting business	-	
22	Investment in equity including warrants of finance companies and credit foncier companies, which are held directly and indirectly	-	
23	Investment in equity including warrants counted as CET 1 of other financial institutions or other consolidated financial institutions other than specified in no. 21 and 22	-	
24	Value of underlying financial instruments countable as Tier 1 capital under shareholders' equity of other financial institutions or financial groups, in case of buying equity derivatives	-	
25	Investment in equity including warrants of joint venture companies	-	
26	Investment in equity including warrants of companies engaged in financial business and supporting business which are held not exceeding 10% of paid-up share in each company	-	
27	Investment in equity including warrants of companies engaged in financial business and supporting business which are held exceeding 10% of paid-up share in each company	-	
28	Other items specified by the Bank of Thailand	-	
29	Deductions from Additional Tier 1 capital, for the remaining amounts in case Additional Tier 1 capital is insufficient to be fully deducted	-	
30	Total regulatory deductions from Common Equity Tier 1	893.50	
31	Total Common Equity Tier 1 (CET1)	25,329.40	



Capital Funds as of June 30, 2016		Components of capital funds (d)	References under regulatory scope of consolidation (e)
Additional Tier 1 Capital: Eligible items for Additional Tier 1			
32	Proceeds from issuance of non-cumulative preferred shares, after deducting the repurchase of non-cumulative preferred shares	0.11	J
33	Warrants of non-cumulative preferred shares	-	
34	Proceeds from issuance of subordinated debts, in which the holders' right to receive payment is after depositors, creditors and holders of Tier 2 financial instruments	-	
35	Premium (discount) on the instruments under no. 32 to 34	-	
36	Non-controlling interest of subsidiaries which can be counted as Additional Tier 1 capital	-	
37	Total Additional Tier 1 capital before deduction items	0.11	
Additional Tier 1 Capital: Deduction items			
38	Treasury financial instruments countable as Tier 1 capital	-	
39	Reciprocal cross-holding in financial instruments qualified as Additional Tier 1 capital between banks and other financial companies or other supporting business	-	
40	Investment in financial instruments qualified as Additional Tier 1 capital of other banks or other financial companies, which are held directly and indirectly	-	
41	Investment in financial instruments qualified as Additional Tier 1 capital of other financial institutions or consolidated financial companies, other than specified in no. 39 and 40	-	
42	Value of underlying financial instruments qualified as Additional Tier 1 capital of other financial institutions or other consolidated financial companies, in case of buying bond / equity derivatives and in case of selling protection of credit derivatives	-	
43	Investment in financial instruments qualified as Additional Tier 1 capital of companies engaged in financial business and supporting business which are held not exceeding 10% of all paid-up shares	-	
44	Investment in financial instruments qualified as Additional Tier 1 capital of companies engaged in financial business and supporting business which are held exceeding 10% of all paid-up shares	-	
45	Other items specified by the Bank of Thailand	-	
46	Deductions from Tier 2 capital, for the remaining amounts in case Tier 2 capital is insufficient to be fully deducted	-	
47	Total regulatory deductions from Additional Tier 1 capital	-	
48	Total Additional Tier 1 capital (AT1)	0.11	
49	Total Tier 1 capital (T1 = CET1+AT1)	25,329.51	



Capital Funds as of June 30, 2016		Components of capital funds (d)	References under regulatory scope of consolidation (e)
<u>Tier 2 Capital: Eligible items for Tier 2</u>			
50	Proceeds from issuance of cumulative preferred shares, after deducting the repurchase of cumulative preferred shares	-	
51	Warrants of cumulative preferred shares	-	
52	Proceeds from issuance of subordinated debts, in which the holders' right to receive payment is after depositors and creditors	6,643.00	K
53	Premium (discount) on the instruments under no. 50 to 52	-	
54	General provision	327.03	
55	Surplus of provision	-	
56	Non-controlling interest of subsidiaries which can be counted as Tier 2 capital	-	
57	Total Tier 2 capital before deduction items	6,970.03	
<u>Tier 2 Capital: Deduction items</u>			
58	Repurchase of financial instruments qualified as Tier 2 capital	-	
59	Reciprocal cross-holding in financial instruments qualified as Tier 2 capital between banks and other financial companies or other supporting business	-	
60	Investment in financial instruments qualified as Tier 2 capital of other banks or other financial companies, which are held directly and indirectly	-	
61	Investment in financial instruments qualified as Tier 2 capital of other financial institutions or consolidated financial companies, other than specified in no. 59 and 60	-	
62	Value of underlying financial instruments qualified as Tier 2 capital of other financial institutions or other consolidated financial companies, in case of buying bond / equity derivatives and in case of selling protection of credit derivatives	-	
63	Investment in financial instruments qualified as Tier 2 capital of companies engaged in financial business and supporting business which are held not exceeding 10% of all paid-up shares	-	
64	Investment in financial instruments qualified as Tier 2 capital of companies engaged in financial business and supporting business which are held exceeding 10% of all paid-up shares	-	
65	Other items specified by the Bank of Thailand	-	
66	Total regulatory deductions from Tier 2 capital	-	
67	Total Tier 2 capital (T2)	6,970.03	
68	Total Capital (TC = T1+T2)	32,299.54	



Capital composition during the transitional period under Basel III

Unit: MM baht

Capital Funds as of June 30, 2016			Remaining amount subject to transitional adjustment under Basel III
Common Equity Tier 1 (CET1): Eligible items for Common Equity Tier 1			
1	Paid-up shares capital net of treasury stocks	8,006.45	
2	Warrants	-	
3	Premium (discount) on common share capital (net)	1,018.41	
4	Statutory reserves	709.50	
5	Reserve appropriated from net profit	-	
6	Retained earnings after appropriation	15,057.62	
7	Accumulated other comprehensive income		
	7.1 Change in incremental from revaluation appraisal of land, buildings, or units of condominium	894.28	
	7.2 Gain (loss) on revaluation of available for sale equity investment	- 149.26	
	7.3 Gain (loss) on revaluation of available for sale debt securities	14.23	9.49
	7.4 Gain (loss) from translation of financial statements of foreign operations	-	
	7.5 Gain (loss) on fair value estimation of derivatives for cash flow hedge reserve	- 7.60	
	7.6 Gain (loss) on hedges of a net investment in a foreign operation	-	
8	Other items from owner changes	679.27	
9	Non-controlling interest of subsidiaries operating in commercial bank business which can be counted as CET1 of consolidated financial institutions	-	
10	Total Common Equity Tier 1 (CET1) before regulatory adjustments and deduction items	26,222.90	
Common Equity Tier 1 (CET1): Regulatory adjustments			
11	Change in fair value of derivatives for cash flow hedge reserve	-	
12	Accumulated gain (loss) on fair value option	-	
13	Other items specified by the Bank of Thailand	-	
14	Total regulatory adjustments to Common Equity Tier 1	-	



Capital Funds as of June 30, 2016			Remaining amount subject to transitional adjustment under Basel III
<u>Common Equity Tier 1 (CET1): Deduction items</u>			
15	Net loss	-	
16	Goodwill	-	
17	Intangible assets	258.75	172.50
18	Deferred tax assets	559.73	
19	Shortfall of provision	75.03	
20	Securitisation gain on sale	-	
21	Reciprocal cross-holdings in common equity between banks and other financial business companies and other supporting business	-	
22	Investment in equity including warrants of finance companies and credit foncier companies, which are held directly and indirectly	-	
23	Investment in equity including warrants counted as CET 1 of other financial institutions or other consolidated financial institutions other than specified in no. 21 and 22	-	
24	Value of underlying financial instruments countable as Tier 1 capital under shareholders' equity of other financial institutions or financial groups, in case of buying equity derivatives	-	
25	Investment in equity including warrants of joint venture companies	-	
26	Investment in equity including warrants of companies engaged in financial business and supporting business which are held not exceeding 10% of paid-up share in each company	-	
27	Investment in equity including warrants of companies engaged in financial business and supporting business which are held exceeding 10% of paid-up share in each company	-	
28	Other items specified by the Bank of Thailand	-	
29	Deductions from Additional Tier 1 capital, for the remaining amounts in case Additional Tier 1 capital is insufficient to be fully deducted	-	
30	Total regulatory deductions from Common Equity Tier 1	893.50	
31	Total Common Equity Tier 1 (CET1)	25,329.40	



Capital Funds as of June 30, 2016		Remaining amount subject to transitional adjustment under Basel III
Additional Tier 1 Capital: Eligible items for Additional Tier 1		
32	Proceeds from issuance of non-cumulative preferred shares, after deducting the repurchase of non-cumulative preferred shares	0.11
33	Warrants of non-cumulative preferred shares	-
34	Proceeds from issuance of subordinated debts, in which the holders' right to receive payment is after depositors, creditors and holders of Tier 2 financial instruments	-
35	Premium (discount) on the instruments under no. 32 to 34	-
36	Non-controlling interest of subsidiaries which can be counted as Additional Tier 1 capital	-
37	Total Additional Tier 1 capital before deduction items	0.11
Additional Tier 1 Capital: Deduction items		
38	Treasury financial instruments countable as Tier 1 capital	-
39	Reciprocal cross-holding in financial instruments qualified as Additional Tier 1 capital between banks and other financial companies or other supporting business	-
40	Investment in financial instruments qualified as Additional Tier 1 capital of other banks or other financial companies, which are held directly and indirectly	-
41	Investment in financial instruments qualified as Additional Tier 1 capital of other financial institutions or consolidated financial companies, other than specified in no. 39 and 40	-
42	Value of underlying financial instruments qualified as Additional Tier 1 capital of other financial institutions or other consolidated financial companies, in case of buying bond / equity derivatives and in case of selling protection of credit derivatives	-
43	Investment in financial instruments qualified as Additional Tier 1 capital of companies engaged in financial business and supporting business which are held not exceeding 10% of all paid-up shares	-
44	Investment in financial instruments qualified as Additional Tier 1 capital of companies engaged in financial business and supporting business which are held exceeding 10% of all paid-up shares	-
45	Other items specified by the Bank of Thailand	-
46	Deductions from Tier 2 capital, for the remaining amounts in case Tier 2 capital is insufficient to be fully deducted	-
47	Total regulatory deductions from Additional Tier 1 capital	-
48	Total Additional Tier 1 capital (AT1)	0.11
49	Total Tier 1 capital (T1 = CET1+AT1)	25,329.51



Capital Funds as of June 30, 2016		Remaining amount subject to transitional adjustment under Basel III
Tier 2 Capital: Eligible items for Tier 2		
50	Proceeds from issuance of cumulative preferred shares, after deducting the repurchase of cumulative preferred shares	-
51	Warrants of cumulative preferred shares	-
52	Proceeds from issuance of subordinated debts, in which the holders' right to receive payment is after depositors and creditors	6,643.00
53	Premium (discount) on the instruments under no. 50 to 52	-
54	General provision	327.03
55	Surplus of provision	-
56	Non-controlling interest of subsidiaries which can be counted as Tier 2 capital	-
57	Total Tier 2 capital before deduction items	6,970.03
Tier 2 Capital: Deduction items		
58	Repurchase of financial instruments qualified as Tier 2 capital	-
59	Reciprocal cross-holding in financial instruments qualified as Tier 2 capital between banks and other financial companies or other supporting business	-
60	Investment in financial instruments qualified as Tier 2 capital of other banks or other financial companies, which are held directly and indirectly	-
61	Investment in financial instruments qualified as Tier 2 capital of other financial institutions or consolidated financial companies, other than specified in no. 59 and 60	-
62	Value of underlying financial instruments qualified as Tier 2 capital of other financial institutions or other consolidated financial companies, in case of buying bond / equity derivatives and in case of selling protection of credit derivatives	-
63	Investment in financial instruments qualified as Tier 2 capital of companies engaged in financial business and supporting business which are held not exceeding 10% of all paid-up shares	-
64	Investment in financial instruments qualified as Tier 2 capital of companies engaged in financial business and supporting business which are held exceeding 10% of all paid-up shares	-
65	Other items specified by the Bank of Thailand	-
66	Total regulatory deductions from Tier 2 capital	-
67	Total Tier 2 capital (T2)	6,970.03
68	Total Capital (TC = T1+T2)	32,299.54



Capital instruments which are not qualified under Basel III requirement will be phased out at the rate of 10% each year since 2013, and will no longer be included as capital from 2022 onward. For TISCO Group, the total amount of capital instruments that are not qualified under Basel III was 1,243.00 million baht as of June 30, 2016.