



SRISAWAD FINANCE

ANNUAL REPORT 2019

รายงานประจำปี 2563



SRISAWAD FINANCE PUBLIC COMPANY LIMITED.

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Remark: Investors can study further information from the Company's 56-1 Form which appear on www.sec.or.th or the Company website www.srisawadfinance.com

Financial Information

unit: Thousand Baht	2019	2018	2017
Financial Status			
Investments – net	180,868	198,409	347,522
Net loans to customers and accrued interest receivables	18,295,569	17,311,984	8,710,300
Deposits and borrowings	8,354,333	15,779,973	8,573,775
Total assets	20,699,198	19,677,409	11,293,832
Total Liabilities	11,416,929	17,160,253	9,144,204
Shareholders' equity	9,282,269	2,517,155	2,149,628
Paid-up capital	2,756,236	1,102,494	1,049,998
Number of shares (shares)	551,247,241	220,498,897	209,999,565
Performance			
Interest Income	3,101,333	2,249,285	612,700
Dividend income	2,769	2,372	55,816
Fees and services income	213,773	144,517	12,131
Gain (loss) on investment	(1)	3,449	171,624
Other income	92,998	55,196	8,894
Total income	3,410,872	2,454,820	861,165
Net income	2,943,498	1,965,712	744,118
Net profit	810,859	377,375	234,809
Financial Ratio			
Net profit margin (%)	23.77	15.37	27.27
Return on equity (%)	13.74	16.17	11.12
Return on assets (%)	4.02	2.44	2.78
Par value (Baht per share)	5.00	5.00	5.00
Earnings (Baht per share)	1.98	1.71	1.12
Dividend (Baht per share)	2.25	N/A	0.28
Book value (Baht per share)	16.84	11.42	10.24
BIS ratio (%)	45.16	13.63	22.80

Message from Chairman

Overall Outlook of Thailand's Economy in 2019

Thailand's economy in 2019 grew by 2.4 percent when comparing with 4.2 percent of the year 2018 resulting from Export value, private sector consumption expenditure and the private sector investment gradually decreased. However, when considering the common inflation rate of 2019, it averaged to 0.7 percent because of the decrease value of export value in the last year. According to considering the interest rate of the policy by the Monetary Policy Committee of the Bank of Thailand, the policy interest rate was cut 2 times last year to 1.25 percent at the end of the year – it was considered the economic is not yet recovery.

Financial Status and Performance

On 31st December 2019, the company owned the assets for 20,699 million Baht increasing from the previous year by 5.19 percent with the increasing financial markets and loans and the decreasing assets among banks, assets of investment while the company meanwhile the company was decreasingly deposited by 12.73 percent. However, the company gained the net interest for 2,633.96 million Baht increasing by 49.64 percent from the previous year –the total interest income increased by 37.88 percent from the increasing credit expansion while the financial cost decreased by 4.44 percent. Nevertheless, when including the profit from the sale of investment and dividend, in 2019, the company had the net profit for 810.86 million Baht increasingly from 2018 by 114.87 percent.

Business Trend in 2020

The expansion of Thailand's economy in 2020 trends to slow down from 2019 by the epidemic of COVID-19, the crucial drought, and the delay of government budget. The economic expansion was quite lower than last year, Office of the National Economic and Social Development Council forecasted the economy expansion will be 1.5-2.5 percent this year. The company still appreciates the quality of assets and continuously expands the act of granting credits –the company is capable of earning more profits and maintaining liquidity in a fair level. It is assured that the company will sustainably run the business in 2020

On behalf of the Company, we would like to profusely thank the shareholders, the customers and all people concerned who have reposed in and supported the company as always.



Mr. Sukont Kanjana-Huttakit

Chairman

Board of Directors



Mr. Sukont Kanjanahuttakit
Chairman



Mr. Suchart Leungsurawat
Chairman of Audit Committee



Ms. Doungchai Kaewbootta
Director



Mr. Kudun Sukhumananda
Director / member of Audit Committee



Mr. Thititham Rojanapruk
Director / Managing Director



Mr. Anantroj Thangsupanich
Director / member of Audit Committee



Mr. Prawat Phatraprasit
Independent Director



Mr. Pinit Puapan
Director



Mr. Prayong Saennual
Director

Report of the Audit Committee

The Board of Srisawad Finance (Public) Company Limited nominated three independent directors as the Audit Committee with the experience of accountancy, finance, administration and law consisting of (1) Mr. Suchart Leungsuraswat, Chairman of the Audit Committee, (2) Mr. Kudun Sukhumananda and (3) Mr. Anantroj Thangsupanich, Audit Committee

The Audit Committee called out as the scope of power, tasks and responsibilities assigned by the company's board. In 2019, the meeting was held for 6 times – to participate the meeting with the executives, the internal auditors and the auditors for having a discussion and sharing an opinion in the related agenda. And there was 1 meeting which the executives did not participate. The main points could be summarized as follows:

1. Review of Financial Report

The Audit Committee reviewed the company's quarter and annual financial report by the auditor prior to proposing to the Board of Srisawad Finance (Public) Company Limited for consideration and approval along with asking the auditor for the problem found while examining and checking the financial report, the suggestion of account improvement, the suggestion of information disclosure and the auditor's independence to ensure that the financial report which had been examined and checked followed the standards of financial report and the terms of related laws and considered the suggestion to the auditor's internal control system. The Audit Committee reckoned that the company's process of financial report followed its procedures properly and in time for a benefit of investors or persons who spent the financial report to decide on investment.

2. Review of Internal Control and Internal Audit

The Audit Committee reviewed the internal control system by the internal auditor in all quarters and by the auditor to evaluate appropriateness of the internal control system which supported the cautious operation and eased the error from consideration of the 2019 report of internal audit and suggestion from the auditor; moreover, considering the scope of tasks and responsibilities, the independence, the right of internal operation, the management of organizations and manpower rates of the internal audit department including the internal auditor's approved plan which covered the company's significant work system – considering the internal control system as the direction specified by the Securities and Exchange Commission of Thailand and the Bank of Thailand regarding the control of administration, finance and legality. The Audit Committee reckoned that the company had the internal control system which was proper, ample and effective and conformed to the targets along with developing the examination quality of personnel and examining consistently.

3. Review of Business Supervision according to Regulations

The Audit Committee emphasized the transparent policy of management with systematically good business supervision to prevent the operation which did not follow the regulation or the company's rules by inquiring the internal auditor and the executive related to the operation according to the Securities and Exchange regulation, the terms of Stock Exchange of Thailand or the regulation related to the company's business operation such as the Securities and Exchange Act, the terms of the Securities and Exchange Commission of Thailand, the terms of the Capital Market Supervisory, the terms of the Bank of Thailand, the terms of the Anti-Money Laundering Office and the terms of the Deposit Protection Agency including the commitment or liability which might result from a default of law or contract. According to the

aforementioned inquiry, the satisfying answer was received. The Audit Committee reckoned that the company properly complied with the regulation and rules concerned.

4. Consideration of 2020 Selection, Nomination and Remuneration Payment of Auditor

The Audit Committee considered the independence, scope, direction, performance and the annual auditing plan raised before the examination; moreover, considering the auditor's and the auditor assistant's qualification, experience and productiveness including the auditor's service quality in the last year – the result was satisfying, and the discussed auditing fee was proper. Therefore, it should have been proposed to the Board of Srisawad Finance (Public) Company Limited for approval. The shareholder meeting nominated Mrs. Anothai Leejitwatana CPA. No. 3442 and/or Mr. Paiboon Tunkoon CPA. No. 4298 and/or Miss Sinsiri Thangsombat CPA. No. 7352 from PricewaterhouseCoopers ABAS Company Limited as the auditor of 2020.

5. Consideration of Concerned Particulars or Particulars with Conflicts of Interest

The Audit Committee considered revising and suggested disclosure of concerned particulars or particulars with conflicts of interest to ensure that the aforementioned particulars were reasonable, complete and proper according to the notice, the terms and the directions related to the Stock Exchange of Thailand and the Bank of Thailand. According to the consideration and the independent financial advisor's opinions, The Audit Committee reckoned that the management honestly made the aforementioned particulars – it was significantly considered the operation for the company's benefits like behaving towards common people with a reasonable price including the ample and complete information disclosure.

Finally, The Audit Committee followed the tasks and responsibilities assigned by the Board of Srisawad Finance (Public) Company Limited by sufficiently applying knowledge, carefulness, prudence and independence, commenting and suggesting for an equal benefit of stakeholders. The Audit Committee reckoned that the company's report of financial information was reliable and conformed to the standard of financial report. The company's operation followed the related regulation of business operation along with the excellent system of business supervision, the proper risk management, internal control system and internal audit; developed and improved the system of the aforementioned operations for better qualities.



(Mr. Suchart Leungsuraswat)
Chairman of the Audit Committee

Policies and Overall Business Operations

Srisawad Finance Public Company Limited (Former: Bangkok First Investment & Trust Public Company Limited) was founded in 1972 as a finance company listed on the Stock Exchange of Thailand provides financial services under the scope permitted by the Bank of Thailand, Ministry of Finance and other relevant government agencies. The Company's business operations have been based on the principle of caution, resulting in continuous operating profits, no significant damage from the invested assets, as well as having a stable capital position.

Business

The principal business operation is finance company, which has been approved by the Ministry of Finance, in accordance with the license no 8/2516, to operate 4 types of finance businesses as below;

1. Business of finance for commerce
2. Business of finance for development
3. Business of finance for disposition and consumption
4. Business of finance for housing

Moreover, the Company is licensed to operate as a debenture holders' representative and/or trustee. The Company has been providing service as a debenture holders' representative since April 2018.

Business Goals

The Company still has the goal to operate on behalf of financial institution, type of finance company, listed on the Stock Exchange of Thailand. The Company focuses on the quality of assets, the liquidity of assets and the continuous expansion of assets. The Company aims to continuously operate the credit business which is the main business of the Company, expand the business from existing customers and provide additional service which is personal loans for individuals and people who have limited access to funding by providing both secured and unsecured loans. The aforementioned expansion of the customer base fortifies the Company's business foundation to ensure stability and readiness to support the growth of the loan business in the future, help diversify the business risks and bring the opportunities to generate revenue and good returns which will benefit the business operations of the Company and shareholders in long term.

Significant changes and developments over the past years

In 2015

- The Board of Directors appointed Professor Sakorn Suksriwong, DBA, Deputy Chairman and Chief Executive Officer, as Chairman of the Board of Directors.

In 2016

- Professor Sakorn Suksriwong, DBA, resigned from the Chairman, Director and Chief Executive Officer of the Company.
- The Board of Directors appointed Mr.Auychai Somklin as Authorized Director and Deputy Managing Director of the Company.
- The Board of Directors appointed Mr.Thititham Rojanapruk, Director, as Authorized Director and Deputy Managing Director of the Company.
- Mr.Thanapol Sirithanachai resigned from the Director, Independent Director and Member of the Audit Committee of the Company.
- The Company has been informed the Voluntary Tender Offer from Srisawad Power 1979 Public Company Limited (SAWAD), major shareholder of 19,680,000 shares, representing 9.84% of the total issued shares of the Company, by acquiring from Company's shareholders in the amount of 53,011,000 shares or 26.51% of the total issued shares of the Company at price of not exceeding than Baht 10.50 per share. For the rest amount of 127,309,000 shares or 63.65% of the total issued shares of the Company will be tendered at the price of not exceeding Baht 11.42 per share. However, the tender offer for all shares must be approved from the SAWAD shareholders meeting first.

In 2017

- The Board of Directors appointed Mr.Kudun Sukhumananda as Director, Independent Director and Member of the Audit Committee of the Company.
- Mrs.Kingthien Bang-Or resigned from the Director and Acting Managing Director of the Company.
- The Board of Directors appointed Ms.Duangchai Kaewbootta as Director and Managing Director of the Company.
- The shareholder structure has been changed; Srisawad Corporation Public Company Limited has been the major shareholder holding 36.35% of the paid-up share capital of the Company.

- The Annual General Meeting of Shareholders approved the change of the Company's name to "Srisawad Finance Public Company Limited", the change of the seal of the Company, the amendments of Memorandum of Association and Articles of Association in order to comply with the changed name of the Company.
- Mr.Thira Wipuchanin resigned from the Independent Director, Member of the Audit Committee and Chairman of the Audit Committee of the Company.
- Mr.Amorn Jetchamnongnuch resigned from the Director of the Company.
- Mr.Vorakit Srangsrirong resigned from the Director of the Company.
- Mrs.Thanyathorn Chonlaviton resigned from the Director of the Company.
- The Board of Directors appointed Mr.Sukont Kanjana-Huttakit as Director and Chairman of the Company.
- The Board of Directors appointed Mr.Suchart Leungsuraswat as Independent Director, Member of the Audit Committee and Chairman of the Audit Committee of the Company.
- The Board of Directors appointed Mr.Pinit Puapan as Director of the Company.
- The Board of Directors appointed Mr.Prayong Saennual as Director of the Company.
- Mr.Auychai Somklin resigned from Director and Deputy Managing Director of the Company.
- The Company has launched new credit products which are Car for Cash and Home for Cash.

In 2018

- The office has been relocated from Bangkok Insurance Building to Srisawad Building, Chaeng Wattana Road.
- The major shareholder of the Company, Srisawad Corporation Public Company Limited, increased its shareholding in the Company from 36.35% to 45.34%.

In 2019

- Assoc.Prof.Dr.Siriwut Buranapin has resigned from independent director, Audit Committee
- The Board of Director appointed Mr. Anantroj Thangsupanich to be independent director, Audit Committee
- AGM approved to increase registered capital from 1,102,494,485 Baht to 2,756,236,215 Baht by issuing 330,748,346 ordinary shares at the par value of 5 Baht to offer to existing shareholders by

proportion of holding at the ratio of 1 existing share to 1.5 new shares at the offer price at 18 Baht per share. The subscription shares amounted 330,748,344 shares.

- Srisawad Corporation Plc., major shareholder, had increased its proportion by oversubscription from 45.34% to 77.95%
- The Company had been informed tender offer from Srisawad Corporation Plc. (SAWAD), major shareholder held 429,717,210 shares or 77.95% of paid-up shares. For the rest amount of 121,530,031 shares or 22.05% of the total issued shares of the Company will be tendered at the price of not exceeding Baht 18.00 per share. After tender offer period, the major shareholder had raise its proportion to 82.04%.
- Mr. Weidt Nuchjalearn had resigned from the Company's director.
- Miss Dounghai Kaewbootta had resigned from the position of Managing Director but still be director
- The Board of Director had appointed Mr. Thititham Rojanapruk to be Managing Director.

Nature of Business

1. Income Structure

Income Structure	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Interest income						
Interbank and money market items	15.76	0.46	18.18	0.74	27.53	3.20
Investments in debt securities	7.78	0.23	12.66	0.52	56.73	6.59
Loans to customers	3,077.79	90.23	2,218.44	90.37	528.44	61.36
Total Interest income (1)	3,101.33	90.92	2,249.28	91.63	612.70	71.15
Fees and services income						
Acceptances, aval and guarantees	-	-	0.04	0.00	0.63	0.07
Others	213.77	6.27	144.48	5.89	11.5	1.34
Total fees and services income (2)	213.77	6.27	144.52	5.89	12.13	1.41
Net gains (losses) on investments						
Gains (losses) on disposals	0	0.00	2.17	0.09	167.52	19.45
Reversal (losses) on impairment of investments	0	0.00	1.27	0.05	4.1	0.48
Net gains (losses) on investments (3)	0	0.00	3.45	0.14	171.62	19.93
Other operating income						
Dividend income	2.77	0.08	2.37	0.10	55.82	6.48
Other income	93.00	2.73	55.20	2.25	8.89	1.03
Total other operating income (4)	95.77	2.81	57.57	2.35	64.71	7.51
Total income (1) + (2) + (3) + (4)	3,410.87	100.00	2,454.82	100.00	861.16	100.00

2. Products and Services

The nature of Company's services by permission can be separated by business type as follows:

- Finance
- Other financial services that company is authorized

Both types of businesses above can be separated into various services as follows:

- Deposit
- Lending
- Debenture Holders' Representative
- Investment in securities

Deposit

The company raises funds by providing deposit services in the form of deposit receipts and promissory notes for individuals, corporate entities, foundations and associations. The terms of deposits are determined according to the needs of depositors that are at call or time deposits ranging from 1 month, 3 months, 6 months, 9 months, 12 months, 18 months, 24 months, 36 months, etc. with the appropriate interest rate according to national economy situation, the company's liquidity, yield and interest rate in the money market as a whole.

Source of funds at the end of the year is classified by the remaining period of the deposit receipts and promissory notes over the past 3 years as stated in the company's financial statements are as follows:

Remaining period	At December 31, 2019		At December 31, 2018		At December 31, 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
At call	94.70	1.49	404.42	5.56	107.69	1.77
Less than 1 year	5,441.94	85.72	5,065.45	69.64	2,604.14	42.87
More than 1 year	811.69	12.79	1,804.10	24.80	3,361.87	55.36
Total	6,348.33	100.00	7,273.97	100.00	6,073.70	100.00

Lending

The Company provides loans for the following proposes:

1. Commercial Lending is a loan to various types of businesses to be used as working capital for the business in the short term, to pay the price of the ordered product or to extend the credit limit to customers of the business. The Company provides various types of credit to suit the needs and in accordance with the collateral risk.

2. Project finance is a loan for business expansion, expansion of a factory or for the construction of a new project that benefits the country's economy. Short-term loans, medium-term loans or long term loan are available

in order to comply with project requirements including the SME business to meet the government's policy to support such businesses.

3. Consumer lending are both secured and unsecured loan to individual for consumption purposes. Short-term loans, medium-term loans or long term loan are available to suit the borrower's need and their abilities to repay the debts.

Markets and Competitions

Finance business condition in 2019

As of December 31, 2019, there are 2 finance companies, Srisawad Finance Public Company Limited (Formerly name: Bangkok First Investment & Trust Public Company Limited) and Advance Finance Public Company Limited, having total asset of 28,763 million Baht or average Baht 14,381 million per company. The combined net loan was Baht 23,083 million or average Baht 11,541 million per company while the combined net investment was Baht 223 million or average Baht 112 million per company.

Finance Business Outlook in 2019

During this decade, the finance companies have merged and upgraded to be full-scale commercial banks and retail banks. As a result, the number of finance companies currently remained only 2 companies. Major business of finance companies, according to their financial statements, focused on investment in securities and loans. In regard to business loans, the financial companies still focus on retail and SMEs customers. In terms of deposit funding, the finance company will continuously compete with mutual fund management companies that can offer tax advantages to investors who invest in money market funds including compete with medium-sized commercial banks.

Interest Rate Condition in 2019

In 2018, the policy rate has been increased from the previous rate at 1.50% to 1.75% in December 2018. Due to the cut of foreign policy rate especially the USA, then the Monetary Policy Committee had cut the policy rate 2 times in 2019 that made the policy rate dropped from 1.75% in 2018 to 1.25% at the end of 2019 which correlation to foreign policy rate, Government bond yield, which is used as a base for determining private sector debt yields in 2019, has volatility throughout the year. The government bond yield decreased all short term and long term bond.

The volatility of the return rate in 2019 is mainly from the external factors, such as the impact from the expectation that the Federal Reserve will delay the rate hike policy, issuing of measures to stimulate the economy of China, etc.

Interest Rate Outlook in 2020

From the economic assessment in 2020, the economic outlook will growth lower than forecasted that results from the epidemic of COVID-19, the delay of government budget , Monetary Policy Committee of the Bank of Thailand announced the policy rate decrease 0.25% in February 2020 which seen the economy will slow down. However, from the assessment of the Monetary Policy Committee, concerning with Thai economic in 2020, if government has to stimulate the economy, the policy rate will be gradually decrease.

Sources of funds

Procurement of the Company's funding, in addition to the company's funds, most sources of funds are in the form of deposit mobilization by issuing deposit receipts to receive deposits from the public, which are available both in the form of at call deposits, no maturity deposits and fixed deposits with a fixed period with interest rates that vary according to the tenor of the deposit receipt (The Company started issuing deposit receipts to the public since August 2008) and borrowing from the parent company.

Sources of Funds

(Unit: Million Baht)

Sources of funds	2017	2018	2019
Deposits and debt securities issued			
From individuals	6,073.72	7,279.91	6,354.27
From financial institutions	-0-	-0-	-0-
From foreign	0.06	0.06	0.06
Total deposits and debt securities issued	6,073.78	7,279.97	6,354.33
Borrowings	2,500.00	8,500.00	2,000.00
Other liabilities	570.43	1,380.28	3,062.60
Total funds from liabilities	9,144.20	17,160.25	11,416.93
Funds - Shareholders' equity	2,149.63	2,517.16	9,282.27
Total funds from equity	11,293.83	19,677.41	20,699.20

As of December 31, 2019, the Company had sources of funds from deposits and debt securities issued in the amount of Baht 6,354.33 million, with a proportion of deposit receipts from individuals, both individuals and corporate entities amounted to Baht 6,348.27 million or 99.90 percent, from promissory notes amounted to Baht 6 million or 0.09 percent. Total deposits and debt securities issued accounted for 30.70 percent of the company's funding while funding from loans accounted for 9.66 percent of the company's funding. For future funding sources, the Company has a policy for financing in accordance with the objectives and the need for money by taking into account the appropriateness of net capital.

Funding from related parties

The company has funding from related parties in the year 2019, in accordance with the ordinary course of business. Such transactions were made according to commercial conditions and the criteria under the contract between the Company and those persons or entities. (Please see item 12, related party transactions in 56-1 Form and notes to financial statements No. 37 of the accompanying financial statements)

The outstanding balance as of December 31, 2019 amounted to Baht 4,598 million is the financing and lending from related parties.

Ability to Maintain Capital Funds

The Company will maintain capital funds to risk-weighted assets in accordance with the ratio prescribed by the Bank of Thailand, not less than 8.5 percent. The company will conduct business carefully by focusing on good quality customer base in order to minimize the risk of possible damage. In the past period, the Company has the capital ratio which much higher than the ratio prescribed by the Bank of Thailand. At December 31, 2019, the Company has the capital ratio at 45.16 percent.

Liquidity Management Policy

The liquidity management policy of the Company has a sufficient liquidity reserve for the current liquidity risk level. Most of liquidity reserve will be invested in private repurchase agreement, which is a loan between financial institutions that have government debt securities as collateral in full amount. At December 31, 2019, the Company's Liquidity Coverage Ratio (LCR) is at 299.94 percent.

Daily liquidity management is the responsibility of the Treasury and Investment Department, which will oversee the source of funds and investments according to the cash flow projections of each day. Also, the

Treasury and Investment Department will be responsible for overseeing the liquidity of the Company to comply with the Company's risk management policy and the Notification of Bank of Thailand on the Capital Requirement and Maintenance of Liquid Assets, Regulations on Supervision of Capital and Liquid Coverage Ratio (LCR) and the criteria that require the Company to maintain an average deposit of not less than 1% of the average deposit and loan amount.

In addition, the Company has prepared a contingency plan for liquidity management in times of crisis which includes the practice guidelines according to such plan. The contingency plan will be reviewed annually to prepare and provide sufficient liquidity if the liquidity crisis occurs.

Risk Factor

Strategic Risk

The Company realizes the significance of systematic and effective risk management and control by clearly defining the risk management structure for the main purpose of preventing and managing risks. Including formulate the rules under the supervision of the Bank of Thailand conforming to good corporate governance, transparency and justice.

However, the Company has evaluated, controlled, monitored and reported the risk to create the methodical process of risk management which controlled, monitored and managed by the Board of Company, Audit Committee and Risk Oversight Committee.

The risk of competition in the auto title loan and hire purchase loan segments

The business of auto loan and high purchase has been recovering according the recovery of the economics from the cars that purchased from the first-car tax scheme has been used more than 5 years. This lead to the intense competitions from the current competitors, mostly are the companies under financial institution group with the advantages of the low financial cost and the large capital such as banks and their subsidiaries, who foresee the higher return from having lower cost than other competitors. For the hire-purchase or leasing company who are financially supported by the parent companies which are the car manufacturer who have the strategic advantage from being a business partner and form business and marketing plan with car dealers throughout the country.

Moreover, the change in regulation related to the auto title loan for non-financial institution that will be directly oversee by Bank of Thailand which are already appointed in 2019. If a state agency becomes involved more in the hire purchase business, small operators whose operations are not systematized and standardized may be pressured. This situation may prevent new players from entering the market given that penetrating to the business may not be as easy as in the past. However, such laws set the interest ceiling at 28%, which may result in the company having to compete at a lower interest rate to attract customers to use the service.

It is worth highlighting that the success factors do not depend solely on sufficient funding. With its long experience of 40 years in the business, the Group Company understands its customer groups very well, so

the Group is able to provide services that well suit customers' demand. The Group service coverage is across the country, with service networks covering all regions nationwide. As of December 31, 2019, Group's branch networks included 4,080 branches. The Group provides fast and effective services, with a large system for its customer-related data base. In addition, The Group also possesses expertise in loan approval procedure as well as loan collections. As a result, the Group enjoys competitive advantages over its peers and is able to examine loan applications efficiently. Moreover, most commercial banks or the firms under the umbrellas of commercial banks focus mainly on the new auto market while hire purchase or leasing companies emphasize on providing services for buyers of new cars or used cars in the upper and middle market segments. On the contrary, The Group focuses on different customer groups by offering auto-backed loans and home-backed loans to potential customers who may be unable to access financial services offered by commercial banks or those under banks' umbrellas but they own vehicles and property.

The risk in regard to competition in the personal loan segment

The personnel loan segment has seen fiercer competition. The fact that the interest rates and fees in this loan segment are higher than those from credit card loans attracts both financial institutions and non-financial institutions to enter the business, including the advantage of financial institutions in the sale channel with many branches spread over the country and many deposit account customer bases because the business of individual credit was various in the objectives and conditions of service use.

While the Company is well aware of the risk of higher competition, the Company believes the risk will not have any significant impact on its overall operation given that the Company focuses on employees of private companies. The credit approval process for these individuals also takes into consideration the financial health of the related companies as well. The logic is that as long as the Company is doing well, the employee's income should be stable, and thus the ability to pay back the loan should be secure.

Risk from Business Operation Controlled by Supervisory Agency

The Company is a finance company which categorize as the financial institution. The business is under the supervision of the Bank of Thailand. At the same time, the Company is registered in the Stock Exchange of Thailand; as a result, the Company must comply with the rules of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand. Therefore, the changes in the regulations and rules in various supervisions of the aforementioned agency may impact on your goals –the capabilities of running the business and competing.

Risk of high dependence on major shareholders

At present, the Company is serviced by SAWAD, its major shareholders with 82.04 percent of the paid-up capital as of 31 December 2019, for the marketing, credit monitoring and cash payment at branches of SAWAD. The relying on services from major shareholders in the case that the major shareholder is unable to provide services might cause the business continuity of the Company. However, the Company has a process to consider and assess the risk of outsources, including the Company are looking for additional outsources to reduce the risk.

Marketing Risk

Interest rate risk

The changes in market interest rates have a direct impact on net interest income and the economic value of the Company because most of the assets and liabilities of a financial institution are sensitive to interest rates. The Company has closely monitored the trend and interest rate movement by evaluating the impact of sensitivity and fluctuations in interest rates to manage interest rates on both loans and deposits and structures of assets and liabilities proper to a situation at that time. However, the Company has reduced the risk of changes in interest rates by setting as float rate. The Company group operates under the long-term effective risk management system of interest rate -capable of leveling off the relationship between structures of assets and liabilities sensitive to interest rates over time for the maximum benefit to the Company. The Company group develops equipment used to measure the interest rate risk to analyze the potential impact from the inequality between the period of interest rate adjustment on assets, liabilities and commitments in each period. The risk is daily measured to ensure that the Company's operation is under the risk appetite.

However, the interest income from the credit service of auto loan (car for cash) and house for cash considered the fixed rate according to the term of the contract. Meanwhile, significant expenses are the cost of loan from creditors and financial institutions which is a floating interest rate. If there is a change in interest rates, it will affect a margin of the interest income and interest expense, especially in the case of higher interest rates, it affects the higher cost of loan. As a result, the margin of interest rate reduces and directly affects the operation and capability of the Company's profitability.

However, at present time, the interest rate of the Company has a margin to some extent. If the interest rate is increased, the Company group believes that the group's income is still sufficient and covers the

costs and other expenses. Moreover, the Company also reduces the risk from the new loan agreement. In addition, interest rates are likely to remain stable in the short to medium term.

Price Risk

Risk that arising from changes in bond and stock price which affects financial performance and capital fund of the Company. The Company has carefully evaluated and diversified its investment in various types and sound fundamentals of securities.

The Company uses duration control to achieve a suitable strategy between yield and price risk in debt securities that enable to comply with the market rate. The Company has still committed to invest carefully by investing in the property funds, which have paid quarterly dividends and low market volatility. The Company has also paid attention to prices and fundamentals of each investment.

However, the Company has continuously decreased the investment proportion of debt and equity securities.

Credit Risks

Risk of higher NPLs

At present, the Company develop the credit risk management under credit risk management policy and procedure including create the credit risk awareness culture throughout the Company. The Company has risk assessment form for each type of product and customers. Credit department is responsible for review risk level, customer credibility, loan limit that suitable to minimize risk to be under risk appetite. The Company also cautiously monitors credit quality of loan to make sure that all loans are well manage and be able to repay and follow policy on allowance of doubtful accounts for focusing on repayment ability.

Risk from Impairment of Collateral

Currently, the Company has collateral both in the forms of movable and immovable assets of which collateral values may change depending on the economic situations. If the economy is in recession or depression, the value of the collateral may decrease. Consequently, the Company has to increase the amount of provision for non-performing loans. In addition, the amount of money received from selling of non-performing assets may reduce. Such factors can affect the Company's operations and capital fund. However,

the Company has regularly appraised the value of collateral in order to determine the real value so appropriate tactics and strategic plan can be taken in line with changes in credit risk.

As for auto and housing loans, the Company regularly adjusts the rate book to reflect the real value and will adjust the collateral discount rate to affect the risk.

Risk of possible failure to confiscate collaterals

Most collateral items are cars and motorcycles and these items are more difficult to confiscate, in case customers fail to repay debts, than other collateral items, e.g., deeds of housing units, land, and etc. If the Company is unable to confiscate and sell the collateral in compensation of unpaid debts, this will have a direct negative impact on the Company's business operation, financial position, and earnings performance.

To reduce the risk, the Company has a policy to extend loans to individuals and/or collateral and/or guarantors residing in the same areas where the Group's branches are located. Moreover, the branch's staff is also assigned to examine the information on site, i.e., the addresses identified by the customers, in order to double check the existence of the collateral. In case the customers fail to settle the monthly installment bills, the Group will assign its staff in charge to follow the customers and confiscate the collateral afterwards. The staff will promptly take action in order to prevent the customers from running away with collateral. It should be noted that the Company also benefit from the Group's extensive branch network that included 2,870 branches nationwide, allowing the Group to locate the collateral more easily.

Risk in regard to inability to sell foreclosed assets

According to the nature of the auto title and hire purchase loan businesses, once a customer fails to settle. The instalment bills for three consecutive periods, the Group will send a letter notifying that the contract will be terminated should the customer does not repay the debts 7 days (in case of the loan agreements). If no action is taken by the customer within the identified timeframe, the Group is entitled to confiscate the collateral. After that the Group will issue a letter notifying the customer to redeem the collateral within 30 days. If the customer is not present to redeem the collateral within the specific timeframe, the Group is entitled to sell the collateral. At present, the Company sells foreclosed assets through several sale channels including branches for selling motorcycles, and warehouses for keeping confiscated cars. In addition, the Company also hires a private auction organizer to organize auctions for people who may be interested in

buying confiscated motorcycles. The proceeds from the sale of confiscated collateral will be used for covering the outstanding balance. If the Company is unable to sell the confiscated items, this will have a negative impact on its financial position and operational performance.

The Company decides to extend loans to customers, considering the popularity of the vehicles in the market or the locations of the land in order to reduce potential impact of the lack of liquidity from the sale of confiscated collateral. After confiscating the collateral, the Company's staff will keep the items and sell them to the Group's selected counterparty by tranches at net asset value price.

The pricing of confiscated collateral is based on the remaining value of the outstanding balance, which is normally lower than the market price. Hence, the selling prices of confiscated collateral items are normally lower than the market prices, increasing more liquidity to the sale transactions.

Liquidity Risk

The Company has closely monitored, reviewed, evaluated liquidity status by using risk control system and daily financial status report and presented to the Managing Director. The Asset and Liability Management committee will have a monthly meeting to consider the liquidity status. In case of an emergency situation, the Company will be able to handle such situation because the Company has also prepared the Liquidity Contingency Plan and Guideline including the scenario study in case of bank run situation.

From the balance sheet, as December 31, 2019 the Company's financial assets and financial liabilities classified by maturity as follow;

	Less than 1 Year	Over 1 Year
Total Financial Assets	18,611.52	2,123.34
Financial Debts		
- Deposit	5,506.64	811.69
- Debenture and Loan	6.00	2,000.00
Total Financial Debts	5,512.64	2,811.69

Remark: Excluding the non-performing debts

From the above table, the Company had risk from maturity mismatch between source of funds and utilization of funds. Mainly source of funds are borrowing and deposits with a duration of less than one year which is a common structure of deposits. However, a majority of them are rolled over automatically upon maturity which maintained liquidity risk at a manageable level. Notwithstanding, the majority of investments are trading in secondary market and the Company was able to utilize credit line from other financial institutions in an emergency case.

In 2017, according to the Notice from the Bank of Thailand, finance companies applied the rules of asset coverage to support the serious liquidity circumstance (as known as Liquidity Coverage Ratio: LCR) since 2nd July 2017 so that finance companies need to maintain a high level of liquid assets, which can be easily and quickly into cash without significant value losses in order to cover its projected net cash outflows during a 30-day stress period. The Company's LCR is higher than Bank of Thailand's minimum requirement at 90 percent. During 2019, the Company's LCR ratios were between 123.73 and 541.74 percent and average LCR was at 286.99 percent.

The Company has a liquidity policy to maintain a high level of liquid asset as possible. The excessive liquidity has been invested in quality investments which are trading in secondary market. They can be converted into cash immediately. In addition, there are credit lines from other financial institutions as a source of additional funds to support the possible liquidity problem in case of reducing in the amount of the Coverage of insured deposit.

For the past 4-5 years, the Company has concentrated on the issue of validity Deposit Protection Agency in reducing the amount. Therefore, the Company has prepared a DPA Stress test model to assess the impact of deposit protection amount. The result of DPA Stress test was satisfactory. The Company has sufficient liquidity to support the impact of the deposit withdrawal of more than 10 million baht and 1 million baht for each depositor. It means the Company has the ability to carry out sufficient liquidity to support deposit withdrawals on almost every case.

Operational Risk

The Company precisely formulates the policy scope of operational risk management with strong internal control system and the operation manual with the effective training. The Company organized Loss data and near-missed data both monetary and non-monetary from each department. Moreover, the Company

formulates the outsourcing policy and new product through studying, analyze and assess the risk and gain comment from risk management department. The Company also has an independent internal auditor that directly report to Audit Committee for formulate risk-based audit plan and provide consultancy for internal control improvement.

The Group also has formulated the Business continuity plan in order to prevent disruption in business operation. For the human resources, the Company has continue provide training, on the job training, online course and other development program to increase staff capability as well as the risk awareness from the operation.

Risk from the potential conflict of interest

Subsequent to the acquisition of shares and the Tender Offer to purchase all securities of Srisawad Finance Public Company Limited (“BFIT”) by Srisawad Corporation Public Company Limited (“The Company” or “SAWAD”), the Company and SAWAD, major shareholder, SAWAD held 82.04 percent of BFIT total paid-up shares, undertake the restructuring of businesses within the group in order to create opportunities for future business growth. Whereby, BFIT has extended its lending business from personal loan to corporate employees to collateralized loan to small SMEs and retail individuals that is not overlapped with the businesses currently operated by Srisawad Power 2014 Company Limited (“S2014”), a wholly-owned subsidiary of SAWAD, in order to clarify the Group business structure and eliminate conflicts of interest. According the Tender Offer Statements concerning the Company’s future business plan after completion of the Tender Offer, in the event that the Company can hold between 36.35 and 60 percent interest in BFIT, the lending business to be operated by BFIT shall not overlap with S2014, which shall be separated by type of collateral. In this regards, BFIT will operate the lending collateralized by vacant land and house, and the 4-wheeled vehicles, whilst, S2014 will offer the lending secured by motorcycle, trucks, and agricultural vehicles.

The Group’s revised business plan shall affect the following lending products of BFIT: Car for Cash and Home for Cash services. After amending to re-separate the business between SAWAD and BFIT, the lending entity for Car for Cash product will be determined by type of contracts (Loan/Hire Purchase). Whilst, Home for Cash will be determined by transaction type (Mortgage and Sale with redemption right) and

loan value (exceed/not exceed Baht 10 million). The amendment of the Group business plan will impact and change BFIT operation as previously stated in the Tender Offer documents.

However, the Group Companies is confident that the revised business plan will not create conflicts of interest as the Company has prepared to develop clear criterion to determine the lending entity and has promptly established reliable measures to prevent potential conflicts of interest, as follows:

1. Develop Clearly Written Work Instruction, Policy, and Business Separation Criterion

The Group Companies has developed clearly written work policy and instruction to provide effective guidance for the separation of business between BFIT and S2014, as follows:

Car for Cash – Use Rate Book to determine type of contract

- ▶ S2014 will offer the lending service through Hire Purchase contract, which is determined by loan amount that is equivalent or more than the Rate Book, where the client shall transfer ownership of the vehicles to S2014.
- ▶ BFIT will offer the lending service through Loan contract, which is determined by loan amount that is less than the Rate Book, and the client is not required to transfer ownership of the vehicles to BFIT.
- ▶ The clients will indicate their own financial needs and shall enter into the contract suitable to their choices, that is, if the desired loan amount is high, the clients will need to enter into Hire Purchase contract and shall transfer the ownership of vehicle to S2014. If the desired loan amount is low, the clients will need to enter into Loan Contract with BFIT which does not require transferring the title of vehicle.

In practice, branch staffs, who seek for and get contact with the client, will refer to standard loan amount as mention in the Rate Book applicable at the time. Rate Book will provide standard loan amount for each type, brand, model, and year of vehicles. Nevertheless, the pre-approved credit limit shall never exceed the rates stipulated in the Rate Book.

Standard loan amount per the Rate Book will then be compared with the client's desired loan amount in order to determine contract type to be entered. If the desired loan amount is lower than the Rate Book, the client will need to execute Loan contract with BFIT, but if the desired loan amount is equivalent or higher than the Rate Book, the client will execute Hire Purchase contract with S2014. The credit limit of each

borrower is determined by creditworthiness of the borrower and the guarantor as well as the quality of collateral and other factors.

Home for Cash – Use transaction type and loan value of Baht 10 million to determine the lending entity

The basis used in determining the lending entity for Home for Cash service or loan secured by house, land, and condominium is transaction type and loan value of Baht 10 million, which is referred from the Bank of Thailand's supervision on Housing Loan, which rule outs the lending criteria for the residences price up to and exceed Baht 10 million separately based on different inherent risks.

In the practical lending process, the branch staffs will consider the fair price of house and land as appraised by Group internal staffs, and the government's appraised price for land, in order to determine the fair price of collateral before adjusting according to Loan-to-Value policy of the Company in order to derive pre-approved credit limit. If the loan value does not exceed Baht 10 million, the clients will enter into Loan contract with BFIT. If it exceeds Baht 10 million, the Loan contract shall be executed with S2014, where the loan amount shall be always within the pre-approved credit limit.

2. Regularly Review Business Separation Criterion and Ensure Audit Committees Approval before Effective

Announcement of the Rate Book for Car for Cash and the Baht 10 million basis for Home for Cash service are under the responsibility of the Collateral Committee, which is a unit independent of the Credit Department. The Collateral Committee is responsible to review and ensure appropriateness of the Rate Book that is effective at any point in time. The Rate Book will be reviewed on a quarterly basis and adjusted in accordance with changing market of the used cars.

The Group Companies has established key policies to review the basis used in determining the lending entity, as follows:

- ▶ Rate Book shall be reviewed at least every quarter, and, when necessary, shall be revised in accordance with market changes.

- ▶ Once the Rate Book is mutually agreed by both parties, it shall be proposed to the Audit Committee of each entity for approval. For BFIT, the internal audit team will be responsible to reconfirm and justify the adjusted items on the Rate Book by comparing to the current market price of used cars, and report the audit results to the Audit Committee for their consideration and approval.
- ▶ Without approval from the Audit Committee by both parties, the Rate Book cannot become effective. In such event, both parties will need to reconsider and fine tune appropriate rates to be used in the Rate Book.

3. Use Conflict Checklist Form to Assist in Business Separation

Branch staffs are required to use Conflict Checklist Form to assist in determining appropriate type of contract to be entered by the client in accordance with the Group lending policies. The branch staffs are required to attach the Conflict Checklist Form with a copy of Rate Book prior to sending all relevant loan documents to the Credit Department for approval.

4. Review and Reassure the Appropriateness of Contract Type by the Credit Department

Credit Department will conduct the review of loan application to justify the appropriateness of loan offered by the branch staffs prior to signing approval, as follows:

- ▶ Branch staffs will verify completeness and accuracy of loan application and determine pre-approved credit limit for the borrower, by comparing the desired loan amount with the standard loan amount per the Rate Book, in order to identify appropriate type of contract to be entered by the borrower (Loan/Hire Purchase contract)
- ▶ If the borrowers are qualified for Loan contract with BFIT, loan application and relevant supporting evidences will be scanned into the system and sent to the Credit Department. The Credit Department will review and confirm appropriateness of the pre-approved credit limit against the Rate Book before signing approval.

5. Prepare Monthly Credit Approval Report for Management Consideration

The Company has established a procedure to monitor inappropriate actions which wrongly define the lending entity. At the month end, the Credit Officer shall prepare a credit report to compare credit limit and standard loan amount per the Rate Book for the top Management consideration.

6. Regularly Perform Internal Auditing at Branch Office

The Company's internal audit team will conduct proactive audit at each branch on a rotating basis to ensure appropriateness and effectiveness of business separation, and report any inappropriate actions to the Audit Committee. Such internal audit activities have been included as part of the Company's annual audit plan.

7. Ensure Approval by the Audit Committee Before Rate Book Becomes Effective

The Audit Committee has the ultimate responsibility to review appropriateness of the revised Rate Book and approve it before effective. The Audit Committee will also consider other connected transactions or the transactions with potential conflicts of interest and ensure that the transactions are reasonable and in the best interest of the Company, and the disclosures of which have been made accurately, completely, and in compliance with the requirement of the SET and relevant regulations.

8. Develop Information Technology System to Assist in Defining the Lending Entity

The Group Companies has planned to implement a new IT system to support the separation of business between SAWAD and BFIT, particularly for loan approval process. The newly-implemented IT system is aimed to reduce roles of the branch staffs, which is the point at which the conflict of interest may arise. The new IT system will enable the Company to reduce most of the daily human errors and define clear process for determining the lending entity. The plan to implement new IT system was included as part of the plan to establish a financial business group proposed to the Bank of Thailand

General information

Srisawad Finance Public Company Limited (“BFIT”) is a finance company which is located at 99/1 Srisawad Building, Floor 1, 3, 5, 6, Chaeng Watthana 10 Alley, Lane 3, Changwattana Road, Tungsonghong, Laksi, Bangkok, 10210. The Company has registered capital amounting to Baht 2,756,236,215 and has paid-up capital amounting to Baht 2,756,236,205 divided into 551,247,241 ordinary shares at par value of Baht 5 each. The Company does not have any branches.

Registration No. : 0107536000722
Tel : 0-2073-0677
Fax : 0-2073-0670
Home Page : www.srisawadfinance.com

Other references

Share Registrar

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
410/93 Ratchadaphisek Road
Samsen Nok Sub district, Huai Khwang District, Bangkok 10310
Tel. 0-2009-9000

Auditors

Auditors for the year 2019

Mrs. Anothai Leekitwattana, Certified Public Accountant (Thailand) No. 3442 and/or
Mr. Paiboon Tunkoon, Certified Public Accountant (Thailand) No. 4298 and/or
Ms. Sinsiri Thangsombat, Certificated Public Accountant (Thailand) No. 7352
PricewaterhouseCoopers ABAS Ltd.
15th Floor, Bangkok City Tower

179/74-80 South Sathorn Road

Sathorn Bangkok, 10120

Tel. 0-2844-1000

Audit fee

For Examination of the financial statements of the Company for the year 2019 Baht 3,685,000

Non-Audit Fee

- None -

Legal advisor

- None -

Securities and Shareholders Information

Authorized and paid-up capital

Authorized capital Baht 2,756,236,215
divided into 551,247,243 shares of Baht 5 each

Issued and paid-up capital Baht 2,756,236,205
divided into 551,247,241 shares of Baht 5 each

Other Securities -None-

Major Shareholders

Top ten major shareholders as of 2 October 2019 (Last closing date) are as follows:

	Name	Number of shares	% of Holding
1.	SRISAWAD CORPORATION PUBLIC COMPANY LIMITED	452,238,407	82.04
2.	Mr.Luchi Phukhuan-Anadha	10,738,770	1.95
3.	Mrs.Jaruwan Jampittayanuwat	9,884,205	1.79
4.	Miss Supaporn Ahunai	7,717,500	1.40
5.	Thai NVDR Company Limited	5,544,414	1.01
6.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	4,642,050	0.84
7.	Mr. Winchai Peungrasami	4,182,500	0.76
8.	Mr. Hsiao-Wei Liu	2,434,740	0.44
9.	Mr. Thana Kunarakwong	2,188,330	0.40
10.	Mr. Adsadayuth Duangpanyasawang	1,807,188	0.33

Source: Thailand Securities Depository Co., Ltd.

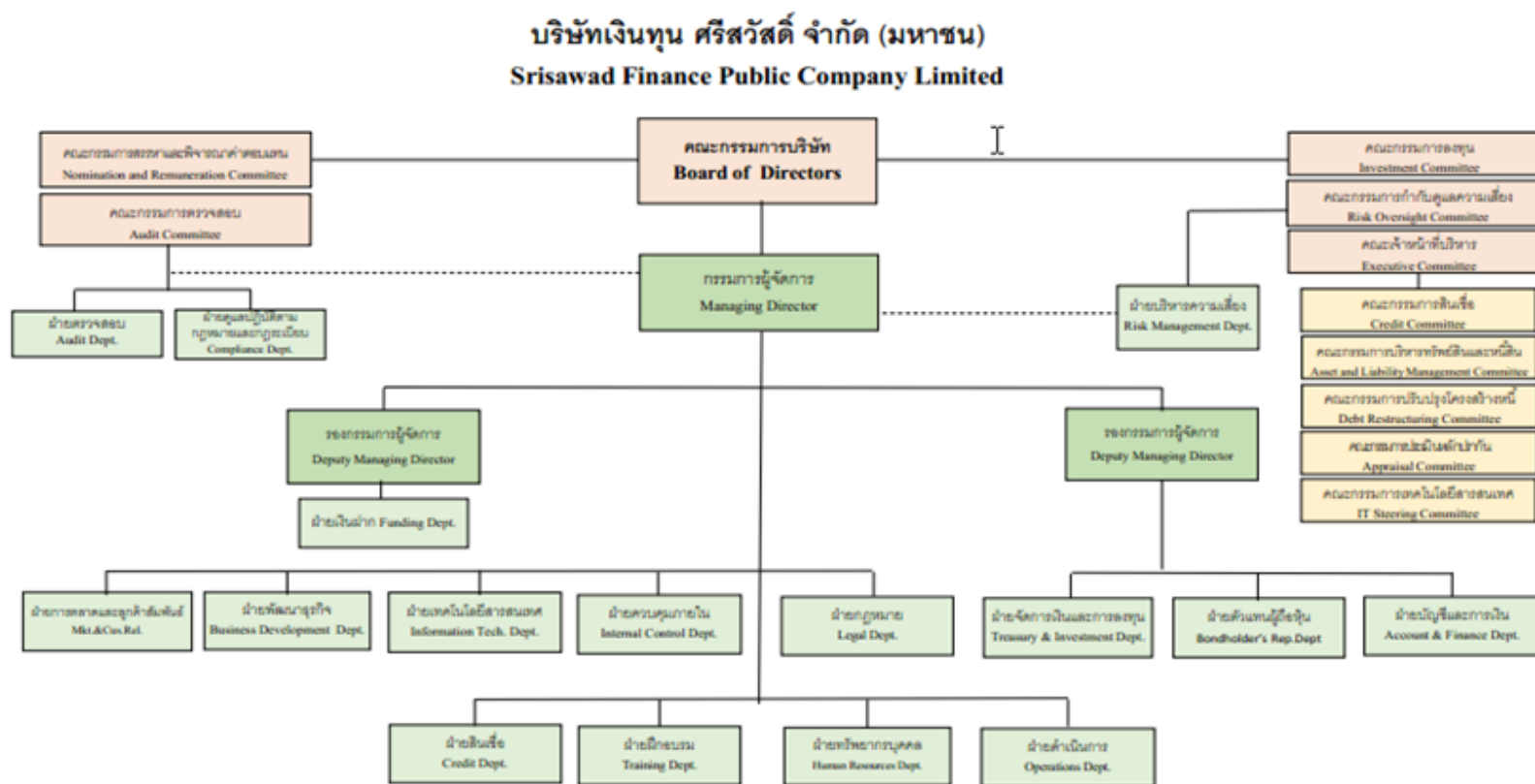
Dividend Payment Policy

The Company has the policy of paying dividend not lower than 40 percent of the company's net profit by taking into consideration the adequacy of capital funds for the company's business operations, including economic necessity and the Company's financial position.

Dividend payment History

Year	2019	2018	2017
Earnings per share	1.98	1.74	1.06
Dividend paid per share	2.25	0.00	0.28
Dividend Payout Ratio (%)	113.64%	N/A	26.42%

Management Structure



Management

1. Board of Directors

As of December 31, 2019, the Company's Board of Directors consisted of 9 directors as listed below:-

- | | |
|------------------------------|--|
| 1. Mr.Sukont Kanjanahuttakit | Chairman |
| 2. Mr.Thititham Rojanapruk | Director and Managing Director |
| 3. Mr.Suchart Luengsurawat | Independent Director, Chairman of the Audit Committee
and Member of the Nomination and Remuneration Committee |
| 4. Mr.Kudun Sukhumananda | Independent Director, and Member of the Audit Committee |
| 5. Mr.Anantroj Thangsuanich | Independent Director, and Member of the Audit Committee |
| 6. Mr.Prawat Phatprasit | Independent Director and Member of the Nomination and
Remuneration Committee |
| 7. Ms.Doungchai Kaewbootta | Director |
| 8. Mr.Pinit Puapan | Director |
| 9. Mr.Prayong Saennual | Director |

(Attachment Details of the Board of Directors)

Directors authorized to sign for company, the following 3 directors

Miss Doungchai Kaewbootta, Mr.Thititham Rojanapruk and Mr.Prayong Seannual , jointly signatures of two of these three are required together with company's seal affixed

The meeting attendance of the members of board of directors / committees

In 2019, 12 meetings of the Board of Director, 6 meetings of the Audit Committee, 2 meetings of the Nomination and Remuneration Committee and 22 meetings of the Executive Committee were held. The meeting attendance records of the members of the board of directors / committees in those meeting are as follows:

Name of Directors	Attendance / Number of eligible meeting (times)			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee
1. Mr.Sukont Kanjanahuttakit	12/12	-	-	-
2. Miss.Doungchai Kaewbootta	12/12	-	-	22/22
3. Mr.Suchart Luengsurawat	10/12	6/6	2/2	-
4. Assoc.Prof.Dr.Siriwut Buranapin ^{/1}	0/3	0/2	0/2	-
5. Mr.Kudun Sukhumananda	9/12	6/6	-	-
6. Mr.Prawat Phatraprasit	9/12	-	2/2	-
7. Mr.Thititham Rojanapruk	11/12	-	-	22/22
8. Mr.Pinit Puapan	9/12	-	-	-
9. Mr.Weidt Nuchjaleran ^{/2}	6/9	-	-	-
10. Mr.Prayong Saennual	12/12	-	-	22/22
11. Mr. Anantroj Thangsupanich ^{/3}	8/8	4/4		

Remark: ^{/1} Assoc.Prof.Dr. Siriwut Buranapin resigned from director, member of Audit Committee, and Chairman of Nomination and Remuneration since March 29,2019

^{/2} Mr. Weidt Nuchjalearn resigned from director since October 17,2019

^{/3} Mr. Anantroj Thangsupanich has been appointed to be director and member of Audit Committee since April 1,2019

2. Executives

As of December 31, 2019, the Company's executives consisted of executive directors and executive officers^{/1} as follows:-

- | | |
|----------------------------------|---|
| 1. Mr.Thititham Rojanapruk | Managing Director |
| 2. Mr.Vasit Kanjanahuttakit | Deputy Managing Director/The person taking the highest responsibility in finance and accounting |
| 3. Miss Kanoknuj Cholvani | Vice President Head of Investment Advisory Dept. |
| 4. Miss Ticha Suwannasang | Vice President Head of Compliance Dept. |
| 5. Mr.Adisorn Wichaidith | Assistant Vice President Head of Personnel & General Service Dept. |
| 6. Miss Chonlada Thaweephanyopha | Assistant Vice President Head of Account & Finance Dept. |

Remark: ^{/1} Miss Doungchai Kaewbootta resigned from Managing Director and Mr. Thititham Rojanapruk has been appointed since December 23, 2019

3. Corporate Secretary

As of December 31, 2019, Corporate Secretary and Board of Directors Secretary is Miss DOUNGCHAI KAEWBOOTTA

4. Remuneration and Benefits for Directors and Executives

(1) Remuneration:

● Remuneration for Directors

- The director fees for the year 2019 approved by the shareholders meeting are as follows:

Board of Directors		
	<u>Monthly Fee (Baht)</u>	<u>Meeting Fee (Baht)</u>
Chairman	120,000	No Fee
Vice Chairman	75,000	No Fee
Non-Executive Directors	50,000	No Fee
Executive Directors	No Fee	No Fee

Board of Sub-Committees		
	<u>Monthly Fee (Baht)</u>	<u>Meeting Fee (Baht)</u>
Chairman of Audit committee	25,000	No Fee
Chairman of the Nomination and Remuneration committee	25,000	No Fee
Risk Management committee	25,000	No Fee

Remuneration paid to 9 directors amounted to Baht 6,165,000.00 in 2019, compared with Baht 6,540,000.00 paid in 2018. Details are as follow:

Remuneration of the year 2019 (Baht)

<u>Name of Directors</u>	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>Nomination & Remuneration</u>	<u>Risk Management</u>	<u>Total</u>
1. Mr.Sukont Kanjanahuttakit	1,440,000	-	-	300,000	1,740,000
2. Miss.Doungchai Kaewbootta	-	-	-	-	-
3. Mr.Suchart Luengsurawat	600,000	300,000	-	-	900,000
4. Assoc.Prof.Dr.Siriwut Buranapin	150,000	-	75,000	-	225,000
5. Mr.Kudun Sukhumananda	600,000	-	-	-	600,000
6. Mr.Prawat Phatprasit	600,000	-	-	-	600,000
7. Mr.Thititham Rojanapruk	-	-	-	-	-
8. Mr.Pinit Puapan	600,000	-	-	-	600,000
9. Mr.Weidt Nuchjaleran	450,000	-	-	-	450,000
10. Mr.Prayong Seannual	600,000	-	-	-	600,000
11. Mr. Anantroj Thangsupanich	450,000	-	-	-	450,000
Total	5,490,000	300,000	75,000	300,000	6,165,000

Remuneration of the year 2018 (Baht)

<u>Name of Directors</u>	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>Nomination & Remuneration</u>	<u>Risk Management</u>	<u>Total</u>
1. Mr.Sukont Kanjanahuttakit	1,440,000	-	-	300,000	1,740,000
2. Miss.Doungchai Kaewbootta	-	-	-	-	-
3. Mr.Suchart Luengsurawat	600,000	300,000	-	-	900,000
4. Assoc.Prof.Dr.Siriwut Buranapin	600,000	-	300,000	-	900,000
5. Mr.Kudun Sukhumananda	600,000	-	-	-	600,000
6. Mr.Prawat Phatprasit	600,000	-	-	-	600,000
7. Mr.Thititham Rojanapruk	-	-	-	-	-
8. Mr.Pinit Puapan	600,000	-	-	-	600,000
9. Mr.Weidt Nuchjaleran	600,000	-	-	-	600,000
10. Mr.prayong Seannual	600,000	-	-	-	600,000
Total	5,640,000	300,000	300,000	300,000	6,540,000

- **Remuneration for Executives**

Remuneration consisting of salary, bonus, contribution to provident fund, group life insurance premium, medical treatment and others paid to 7 executives amounted to Baht 29,819,550 in 2019.

(2) Other Benefits:

-None-

Management

Profiles of Directors of Srisawad Finance Public Company Limited

Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
1. Mr.Sukont Kanjanahuttakit Chairman 2 year 7 months	73	- - Director Certification Program - - Audit Committee program Thai Institute of Directors Association - - Master of Accounting - - Bachelor of Accounting - Virginia Polytechnic and State University , U.S.A	No	No	2012 - present 2017 - present 2014 - 2018 2009 - 2017 2013 - 2015 2015 - present 2019 - present	Chairman Chairman Chairman of the Audit committee Vice Chairman / Chairman of the Audit committee Vice Chairman / Chairman of the Audit committee Chairman Director	Srisawad Corporation PCL. Srisawad Finance PCL. World Corporation PCL. CIMB THAI Thaisri insurance PCL. JAS Asset PCL. PRTR Group Co., Ltd.
2. Miss Doungchai Kaewbootta Authorized Director 2 year 9 months	40	- - Director Certification Program Thai Institute of Directors Association - - Master of Computer Science - De Paul, Chicago , U.S.A - - Bachelor of Art (Political Science) - Kasetsart University	No	No	2010 - present 2017 - present 2008 - present 2014 - present 2015 - present 2018 - present 2012 - present 2016 - present <i>*Authorized Director</i>	Director* Director and Managing Director* Director* Director* Director* Director* Director* Director*	Srisawad Corporation PCL. Srisawad Finance PCL. Srisawad Power 2014 Co., Ltd. S W P Asset Management Co., Ltd. Srisawad International Holding Co., Ltd. P Lending Co., Ltd. Fast Money Co., Ltd. S W P Services Co., Ltd.
3. Mr.Suchart Luengsurawat Chairman of the Audit Committee, Independent Director 2 year 7 Months	71	- - Director Certification Program - - Audit Committee program Thai Institute of Directors Association - - Master of Accountancy - - Bachelor of Accountancy Chulalongkorn University, Bangkok	No	No	2017 - present 1971 - 2009	Director/ Chairman of the Audit Committee Partner	Srisawad Finance PCL. Pricewaterhousecoopers ABAS Limited
4. Mr.Kudun Sukhumananda Independent Director and Member of the Audit Committee 2 year 10 Months	44	- Master of Laws Columbia University, U.S.A. - Bachelor of Laws Chulalongkorn University, Bangkok	No	No	2015 - present 2017 - present 2014 - 2015 2014 - 2015 1998 - 2015 <i>*Authorized Director</i>	Director* Director Member of the Audit Committee Director Lawyer partner	Kudun and Partners Co.,Ltd. Srisawad Finance Public Company Limited. GMM Grammy Plc. Bihai Resort Co.,Ltd. Weerawong, Chinnavat & Peangpanor Ltd.

Profiles of Directors of Srisawad Finance Public Company

Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
4. Assoc.Prof.Dr.Siriwut Buranapin Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee, 9 years 7 months	52	- - Chartered Director Class (CDC) - - Director Certification Program - - Audit Committee Program - - Monitoring the Internal Audit Function - - Monitoring the Quality of Financial Reporting - - Monitoring the System of Internal Control and Risk Management - - Monitoring Fraud Risk Management - - Financial Institutions Governance Program - - Role of the Nomination and Governance Committee - - Role of the Compensation Committee Thai Institute of Directors Association - - D.B.A. Boston University, U.S.A. - - MS. (Management) Massachusetts Institute of Technology, U.S.A. - - MIBA United States International University, U.S.A. - - Master of Art with Advanced Designation Certificate in International Trade University of California, Los Angeles, U.S.A. - - B.B.A.(Marketing, International Program, 1st Class Hons.) Bangkok University	No	No	May2012 - present Aug.2009 - present 1994 - present	Chairman of the Nomination and Remuneration Committee Independent Director /Member of the Audit Committee Dean Head of Department-elected Deputy Dean for Academic Affairs Deputy Dean for Research and Foreign Affairs	Srisawad Finance Public Company Limited. Srisawad Finance Public Company Limited. Faculty of Business Administration, Chiang Mai University
5. Mr.Kudun Sukhumananda Independent Director and Member of the Audit Committee 1 year 10 Months	43	- Master of Laws Columbia University, U.S.A. - Bachelor of Laws Chulalongkorn University, Bangkok	No	No	2015 - present 2017 - present 2014 - 2015 2014 - 2015 1998 - 2015	Director* Director Member of the Audit Committee Director Lawyer partner *Authorized Director	Kudun and Partners Co.,Ltd. Srisawad Finance Public Company Limited. GMM Grammy Plc. Bihai Resort Co.,Ltd. Weerawong, Chinnavat & Peangpanor Ltd.

Profiles of Directors of Srisawad Finance Public Company Limited

Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
5. Mr.Prawat Phatprasit Independent Director 2 year 9 Months	70	- Bachelor of Business Administration (Marketing) North Fied University, U.S.A	No	No	2017 - present 1989 - present 2001 - present 2012 - present 2008 - present 2012 - present 1994 - present 2008 - present	Independent Director Executive Director* Executive Director* Executive Director* Executive Director* Executive Director* Executive Director* Advisor <i>*Authorized Director</i>	Srisawad Finance Public Company Limited. Pongrawe Co.,Ltd. Green Road Co.,Ltd. Wheels on Wheels Co.,Ltd. V.P.Garden Home Co.,Ltd. V.P.Ruamthun Co.,Ltd. Phattara Chokchai Co.,Ltd. Phirom Surang Co.,Ltd.
6. Mr.Thititham Rojanapruk Authorized Director, Managing Director 8 years	37	- The young executive program in energy literacy for a sustainable future YTEA class 5 - Director Certification Program Thai Institute of Directors Association - Academy of Business Creativity ABC #4 Sripatum University - TLCA Executive Development Program (EDP) Thai Listed Companies Association - Political Leadership in the New Era King Prajadhipok's Institute - Mini MBA (Faculty of Commerce and Accountancy) Thammasat University - Master of Business Administration Sasin Graduate Institute, Chulalongkorn University - Bachelor of Business Administration Holmes Institute, Melbourne, Australia	0	No	2012 - present Oct.2016 - present 2012 - 2016 2006 - present 2006 - present - present present 2011 - 2012 2011 - 2012 2008 - 2016 2008 - 2012	Director* Deputy Managing Director Director Director* Director* Director* Director* Managing Director Director* Vice President of Business Development Dept. Director* <i>*Authorized Director</i>	Srisawad Finance Public Company Limited. Srisawad Finance Public Company Limited. Srisawad Finance Public Company Limited. Palang Rungruang Co., Ltd. Boon Anek Anan Co., Ltd. Natural Asset Co.,Ltd. PPGR Co.,Ltd. Sahasamakkee Service Co., Ltd. Than Printing Co.,Ltd. Hi-Tech Network Co., Ltd Power Agricultral Industry Co.,Ltd.

Profiles of Directors of Srisawad Finance Public Company Limited

Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
7. Mr.Pinit Puapun Director 2 year 7 months	52	- Director Certification Program - Audit Committee program - Corporate Governance for Capital market Intermediaries Thai Institute of Directors Association - Advanced Management Certificate Harvard Business School , U.S.A - Master of Economics The London School of Economics and Political Science Tufts University, U.S.A	No	No	2017 - present 2015 - present 2002 - present 2015 - 2019 2014 - present 2008 - 2557 2008 - 2019 2015 - present 2017 - present 2018 - present 2018 - present 2018 - present 2018 - present 2018 - present 2018 - present *Authorized Director	Director Director Independent Director Director Director* Managing Director Director* Director* Director* Director* Director* Director* Director* Director* Director*	Srisawad Finance Public Company Limited. Srisawad Corporation PCL. Charn Issara Development Plc. CAT Telecom PCL. Mali Group 1962 Co.,Ltd. KT Zmico Securities Co.,Ltd. Seamico Securities Plc. Solaris Asset Management Co.,Ltd. Thai Airways PCL. Thai Milk Industry Co., Ltd. MG 1962 Warehouse and Distribution Veyla Chaam Residences Co., Ltd. Veyla Natai Residences (Villa) Co., Ltd. Talon Holding Co. Ltd. Ideas 1606 Co., Ltd.
8. Mr.Anantroj Thangsupanich Independent Director and Member of the Audit Committee 9 Months	66	- Master of Business Administration Thammasat University - Bachelor of Science (Agricultural Economics) Kasetsart University	No	No	2007 - 2016 2016 - present	Director* Director *Authorized Director	H T R Co., Ltd. Srisawad-Samarn Kaewbootta Foundation.
9. Mr. Prayong Seannual Authorized Director 2 year 7 Months	53	- Bachelor of Political Science Ramkhamhaeng University	No	No	2012 - present 2017 - present 2016 - present 2014 - present 2012 - present 2018 - present	Director* / Vice president of Personnel Dept. Director * Director * Director * Director * Director *	Srisawad Corporation PCL. Srisawad Finance PCL. Srisawad Power 2014 Co.,Ltd. S W P Asset Management Co., Ltd. Fast Money Co., Ltd. P Lending Co., Ltd.

Profiles of Management of Srisawad Finance Public Company Limited

Name / Position	Age	Education	Shareholding	Family relationship	Work Experience		
				with other director and member of management	Period	Position	Company's Name / Business Type
1. Mr.Thititham Rojanapruk Authorized Director, Deputy Managing Director	36	- The young executive program in energy literacy for a sustainable future YTEA class 5	0	No	2012 - present	Director*	Srisawad Finance Public Company Limited.
		Oct.2016 - 2019			Deputy Managing Director	Srisawad Finance Public Company Limited.	
		2012 - 2016			Director	Srisawad Finance Public Company Limited.	
		2006 - present			Director*	Palang Rungruang Co., Ltd.	
		2006 - present			Director*	Boon Anek Anan Co., Ltd.	
		- present			Director*	Natural Asset Co.,LTd.	
		present			Director*	PPGR Co.,Ltd.	
		2011 - 2012			Managing Director	Sahasamakkee Service Co., Ltd.	
		2011 - 2012			Director*	Than Printing Co.,Ltd.	
		2008 - 2016			Vice President of Business Development Dept.	Hi-Tech Network Co., ltd	
		2008 - 2012			Director*	Power Agricultral Industry Co.,Ltd.	
		Dec.2019 - present			Managing Director	Srisawad Finance Public Company Limited.	
		*Authorized Director					

Profiles of Management of Srisawad Finance Public Company Limited

Name / Position	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
2. Miss Doungchai Kaewbootta Authorized Director, Company Secretary	40	- Director Certification Program Thai Institute of Directors Association - Master of Computer Science - De Paul, Chicago , U.S.A - Bachelor of Art (Political Science) - Kasetsart University	No	No	2010 - present 2017 - present 2008 - present	Director* Director and Managing Director* Director* Director* Director* Director* Director* *Authorized Director	Srisawad Corporation PCL. Srisawad Finance PCL. Srisawad Power 2014 Co., Ltd. S W P Asset Management Co., Ltd. Srisawad International Holding Co., Ltd. United Coastal Co., Ltd. Fast Money Co., Ltd. S W P Services Co., Ltd.
3. Mr. Vasit Kanjanahuttakit	41	- Master of Accounting University of Virginia - Bachelor of Accounting University of Virginia	No	Son of Chairman	Jan-18 - present 2015 - 2017 2010 - 2013 2018 - present 2016 - present 2015 - present	Deputy Managing Director Deputy Managing Director Senior Manager Director Director Director	Srisawad Finance PCL. Srisawad Corporation PCL. PricewaterhouseCoopers Thailand Srisawad Power 2014 Co., Ltd. Srisawad International Holding Co., Ltd. Srisawad Vietnam LLC
4. Miss Kanoknuj Cholvani Vice President/Head of Treasury & Investment Department	50	- M.B.A. (Finance&Banking and Marketing) Sripatum University - B.A. (Finance and Banking) Assumption University	No	No	Aug.2015 - present Jan.2014 - Aug.2015 Oct.2006 - Dec.2013	- Vice President/Head of Dept. Investment Advisory Department - Assistant Vice President/Head of Dept. Personnel & General Service Dept. - Office Manager	Srisawad Finance PCL. Eternal Energy Pcl.
5. Miss Ticha Suwannasang Vice President / Head of Compliance Department	39	- Master of Management Information Technology University of Nottingham - Faculty of Commerce and Accountancy Chulalongkorn University, Bangkok	No	No	Sep.2017 - present Feb.2013 - Aug.2017	- Vice President/Head of Dept. Compliance Department - Senior Manager - Manager	Srisawad Finance PCL. Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd. EY Office Limited.

Profiles of Management of Srisawad Finance Public Company Limited

Name / Position	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
6. Mr. Adisorn Wichaidith Assistant Vice President/Head of Personnel & General Service Department	51	- B.Ed. (Social Studies) Srinakharinwirot University	No	No	1998 - present	- Assistant Vice President/Head of Dept. - Assistant Manager - General Service Division Head Personnel & General Service Department	Srisawad Finance PCL.
7. Miss Chonlada Thaweephanyopha Assistant Vice President/Head of Account & Finance Department	30	- B.A.(Accounting) Thammasat University	No	No	2017 - present 2014 - 2017 2011 - 2014	- Assistant Vice President/Head of Dept. - Assistant Vice President of Account Dept. - Senior Associate	Srisawad Finance PCL. Srisawad Corporation PCL. Pricewaterhousecooper ABAS Co.,Ltd.

Shareholding in the Company of Board of Directors as of December 31, 2019.

Name	Number of share held	
	As of <u>Dec. 31, 2019</u>	Increase (Decrease) <u>During the year</u>
1. Mr.Sukont Kanjanahuttakit	-	-
2. Miss.Doungchai Kaewbootta	-	-
3. Mr.Suchart Luengsuraswat	-	-
4. Mr.Kudun Sukhumananda	-	-
5. Mr.Prawat Phatraprasit	-	-
6. Mr.Thititham Rojanapruk	-	(138,899)
7. Mr.Pinit Puapan	-	-
8. Mr.Prayong Seannual	-	-
9. Mr.Anantroj Thangsupanich	-	-

Corporate Governance Policy

The Board of Directors realizes the importance of operating the business under good corporate governance to ensure the effectiveness and efficiency of the business processes which should be transparent and examined equitable to all related parties.

BFIT has set up the policy as a guideline for good corporate governance in writing which prescribed of risk management, the duty, composition and practice of The Board of Directors, relationship with related parties, and ethical business practices, in order to build confidence among shareholders, customers, investors, employees, stakeholders and all parties concerned that the Company's operations are managed and operated under transparency, fairness and accountability.

The principles are presented in 5 categories.

Section 1 Rights of shareholders

Section 2 Equitable Treatment of Shareholders

Section 3 Roles of Stakeholders

Section 4 Disclosure and Transparency

Section 5 Responsibilities of the Board

Section 1 Rights of Shareholders

Shareholders have the right to the ownership of the company and control the Company by appointing the Board to act on behalf as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. In addition to enforcing their right in the shareholders' meeting, Shareholders are able to obtain the results of Company performance, management policies, all large material transactions and any related transaction through the Company's website www.srisawadfinance.co.th both in Thai and English or through the website of the Stock Exchange of Thailand www.set.or.th. The Company has appointed Thailand

Securities Depository Co., Ltd. As a registrar of the Company.

Fundamental rights of the shareholders are :

- Buy/Sell or transfer of shares.

- Share in the profit of the Company.
- Obtain relevant timely, correct and adequate information of the Company
- Participate and vote in Shareholder meetings to :
 - elect or remove members of the Board.
 - appoint the External Auditor.
 - make decision on dividend payment.
 - make decision on amendments to the Company's articles of association or by laws.
 - make decision on capital increases/decreases.
 - approve extra ordinary transactions.
 - other subject that affect the Company conforming to laws.

1. Shareholder's meeting

1.1 The Annual General Meeting is set to be organized once a year within 4 months after the end of the fiscal year of the Company. The Company may call for extraordinary meeting if necessary in relevant to the Company's regulations.

1.2 The Company convene the Shareholders Meeting once a year on appropriate date, time and venue. Meeting invitation letter together with meeting handouts with sufficient and complete information explaining the details and comments of the Board of Directors in all agendas shall be sent to the Shareholders with the followings details.

- Regulations of the Company specifically related to the Annual General Meeting of Shareholders.
- Information of the person nominated to serve as Directors
- Documents and evidences that the shareholders must present prior to attending the meeting.
- Proxy Form B. Type (which specifies detailed, clear and fixed items for authorization). The Company has prepared the proxy following the notices of the Ministry of Commerce, namely, Type B which can be downloaded from the Company website.
- Map of the meeting venue.

1.3 The Company assigned Thailand Securities Depository Co., Ltd. as the registrar of the Company to deliver the meeting invitation letter to shareholders not less than 14 days prior to the meeting.

1.4 The company provided Invitation for the Annual General Meeting letter to be published in the newspaper for 3 consecutive days and for at least 3 days prior to the meeting date.

1.5 The Company has increased the channel in publishing the meeting invitation letter and meeting handouts through the Company's website www.bfit.co.th both in Thai and in English at least 30 days prior to the meeting so that shareholders can spend more time considering important agendas.

1.6 The Company encourages the shareholders to propose nominees for Directors, items for meeting agendas through the Company's website. Shareholders shall be informed completely of their rights through The Stock Exchange of Thailand system.

1.7 The Company has disclosed the list of top 10 shareholders of the Company as of the book closing date before the Annual General Meeting of Shareholders to shareholders through the website of the Company.

2. The meeting date

2.1 The Company designated the procedure in the Annual General Meeting of Shareholders in compliance with law emphasize on convenience, right and equity of shareholders. As for meeting registration, the Company provides sufficient and appropriate equipment technology and person to ensure the Shareholders convenience in checking the documents not less than 1 hour prior to the meeting.

2.2 Before the start of the Annual General Meeting of Shareholders, the Company Secretary shall introduce members of the Board of Directors, auditors and high ranking executives of the Company participating the meeting to the Shareholders and inform the Shareholders on how to cast a vote and the Shareholders' rights. The Chairman of the meeting shall be responsible for conducting the meeting according to the agenda stated in the meeting invitation letter, allocating time for each agenda appropriately and sufficiently without adding any other agendas apart from those stated in the meeting invitation letter. Moreover, the Company shall prepare ballots for shareholders for voting of each agenda which made use of a bar code system. The votes of all agendas i.e. for, against and abstention shall be counted and disclosed transparently and fairly by Head of Legal Department as a head of vote count inspection.

2.3 During the meeting, The Board of Directors shall provide opportunities for shareholders to express their comments and inquires on various issues independently before voting.

2.4 The Company gives shareholders who attend the meeting after it has already been started the rights to cast a vote on the agenda being considered and not yet voted. Shareholders shall be counted as a quorum for the meeting starting from the agenda being considered when they enter the meeting.

2.5 In every Annual General Meeting of Shareholders, on the agenda to elect directors to replace directors who retire by rotation, the Company shall provide opportunities for shareholders to elect individual director with balloting. The Company has provided sufficient background information of each nominated director for the consideration of shareholders.

2.6 In every Annual General Meeting of Shareholders, the Company gives the Shareholders the right to consider and approve remuneration for Directors. The Company has provided sufficient details of the remuneration of Directors for the consideration of shareholders.

2.7 In every Annual General Meeting of Shareholders, there shall be an agenda on the appointment of Auditors and remuneration for Auditors which are to be proposed to the Shareholders for approval. The Company has provided the information about the nominated auditors as well as sufficient details of the remuneration for auditors for the consideration of the Shareholders.

2.8 In the case of there are various agendas, it should be voted for each agenda.

2.9 The Company requested all Directors and Executives to value the importance of the Annual General Meeting with perfect attendance to answer and inquiries and clarify relevant issues.

3. The preparation of the minutes and voting disclosure.

3.1 The Company shall produce a detailed, completed and factual meeting minutes after the meeting ended. The minutes shall be submitted to the Stock Exchange of Thailand, The Ministry of Commerce and The Securities and Exchange Commission Thailand within 14 days of the completion of the meeting and be posted throughout the Company website in both Thai and English.

3.2 To ensure that the Shareholders would receive the Company information, messages, operation performance and administration policies with accuracy and in timely manner, the Company shall disclose the significant information and messages through the Company's website in addition to the Stock Exchange of Thailand information system.

Section 2 Equitable Treatment of Shareholders

All the Shareholders, either the Company executives or not, major or minor Shareholders, including foreign Shareholders shall be equally and fairly treated with their basic right protected. The Company shall communicate with the Shareholders and disclose information through various channels of the Stock Exchange of Thailand, the Company website and other appropriate media to ensure that all the Shareholders shall equally and properly receive all the Company information and messages.

1. Release of information before the Shareholders meeting

1.1 The Company shall send out meeting invitation letter together with handout documents with complete and accurate details and comments of the Board of Directors on each agenda to shareholders. The Thailand Securities Depository Co., Ltd. which is the registrar of the Company shall be assigned to deliver the invitation at least 14 days prior to the meeting date in both Thai and English version. In addition, the Company announce the meeting invitation together with handout documents through the Company's website both in Thai and English at least 30 days prior to the meeting date for sufficient timing enable the Shareholders to consider significant agenda.

1.2 The Company shall conduct the Annual General Meeting of Shareholders according to the agenda stated in the meeting invitation and shall not add any agendas without informing the shareholders in advance especially the agenda that the shareholders may need timely consideration.

1.3 The shareholders that are unable to attend the meeting can exercise their right through appointed proxy or an independent director of the Company.

2. Protection of Minor Shareholders

2.1 The Company determined the voting right of shareholders to be according to the amount of shares held, with one share equal to one vote.

2.2 The Company allows minority shareholders to submit nominee for director to the Board for consideration following the Company's code of practice and the procedure defined via the Company website. The exercise of their rights shall be published through the system of The Stock Exchange of Thailand.

2.3 The Company allows minor shareholders to propose any agenda item. The proposed agenda must not fall into the following categories.

- Matters that beyond the authority of the company.

- Matters that against the laws, announcements, rules and regulations of governmental authority or regulating authority or not in accordance with the company's objectives or Articles of Association or the resolutions of the Shareholders' meetings.

- Matters that may cause significant problems to shareholders at large.

- Matter that the company has already proceeded.

- Matters that are for the benefit of an individual or a particular group of person.

- Matters about the normal business operation of the company and the shareholders who proposed the agenda are unable to show that the matters are abnormal.

- Matters that the Board of Directors considers that they are no need to be included in the agenda, and the Board must have valid reasons and are able to explain to the shareholders.

2.4 The Company determined that the Independent Directors must not less than one-third of the Board and not less than 3 directors to protect the rights of minority shareholders.

3. Prevention on the abuse of Inside Information

3.1 The Company prohibits all directors, executives and employees involved in the inside information from disclosing such information to outside person or to person not involved in the information. Moreover, the mentioned personnel are prohibited from buying or selling the Company's shares within 14 days prior to the official announcement of the financial reports.

3.2 All directors and executives of the company must submit report on the change of ownership of the company's shares to the Company Secretary for reporting to the Stock Exchange Commission as required by laws.

3.3 The Company shall record and disclose the change of Director and executive ownership of the Company's shares in the Annual report.

4. Conflict of Interest of Directors and management

4.1 The company requested stakeholders Directors and management to submit stakeholders report before each agenda which shall be reported in the Shareholders meeting report. In case there is any conflict of interest that may significantly obstruct the Director or management from indecently comment, the Company shall have that Director or management to refrain from participation of that certain agenda.

4.2 The Company assigned the Audit Committee to review the Connected Transactions, or the transactions that may lead to conflicts of interest including the stakeholding of the Director to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

Section 3 Role of Stakeholders

The Company concerns and protects the rights and mutual benefit of all stakeholder groups i.e. Shareholders, employees, customers, partners, creditors, competitors, independent auditor, as well as the community, environment and society at large, including human rights and anti-corruption, with the belief that appropriate and fairly protection of the rights and mutual benefit of the stakeholders shall lead to the steady and sustainable growth of the Company. The Company shall continuously and regularly consider and review to promote the cooperation between the Company and each group of stakeholders to generate wealth, financial stability and sustainability of the business. The policy on stakeholders is established for the Board, the executives and employee to withhold and practice with details as follow.

1. Policy affecting stakeholders

The company has established Business Codes of Conduct which is the policy on treating stakeholders and published through the website www.srisawadfinance.co.th for the convenience of stakeholders and those interested.

2. Disclosures of policies

2.1 The stakeholders and those interested can study the policies not only from the Company's Codes of Conduct but also able to read and study the policies disclosed in the Company's website or Annual report. In case the stakeholders find any violation of laws, the incorrectness of the financial reports, the insufficiency of the internal control system or the violation of the codes of conduct, they can address their concerns on misconducts following the details were disclosed in "Anti-Corruption policy".

2.2 The stakeholders are able to submit their comments or useful suggestions to the Company for improvement through the Company Secretary to collect and report to the Board of Director. The contacts are both indicated in the website and in the Annual report.

3. Other policies involving the stakeholders

3.1 Policy on Disclosure of internal information.

The Company has set guideline for storage and to prevent the use of internal information by providing “Regulations on Work”. The Regulations on Work designate the supervisor of all piers to closely monitoring of the preliminary internal information usage. For the Information System, the Company has set a separate policies for “Regulations governing the use of computer networks”. Apart from the above, the Company has also defined in the “Company’s Codes of Conduct”, the extent of information disclosure for the Board and the executives and requests the Board and the executives to immediately submit Report of changes in securities holding to the Company Secretary to report to the Stock Exchange Commission within 3 days according to the regulation.

3.2 Policy on Anti-Corruption

The company has set Anti-Corruption Policy by prohibiting the Board and Employees to seek benefits from any transactions of the Company. The Board and Employee are prohibited from soliciting or accepting any unsporting benefit from business partner, should refrain from offering or paying and unsporting advantage to business partner. The Company designate all transaction to be done strictly within the extent of law and not supporting any unlawful nominee business and not to offer or pay any illegal advantage. (Refer to “Anti-Corruption policy” in the title of “Corporate Social Responsibility”)

3.3 Policy on Intellectual property.

The Company’s policy is to refrain from any violation of other’s intellectual property i.e.; copywriter, patent, trademark and also prohibit the employee to bring in or download illegal software which all employee has to sign their acceptance.

3.4 Policy on Human Right.

The Company ensures that human rights are taken into consideration in the conduct of business with the belief that, human, though born different, are equal in human dignity. Therefore, each individual should be respected and treated politely regardless their races, religions, genders and ages.

Section 4 Disclosure of Information and Transparency

1. Disclosure Policy and Practice

The company's disclosure policy and procedures are incorporated within the Corporate Governance Policy, and Investor Relations has been assigned the role and responsibility to provide disclosure of the company's information in accordance with following principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis;
- 2) Disclosure must comply with all applicable rules and regulations.
- 3) Stakeholders including customers, counterparties, creditors, shareholders, investors, analysts and interested persons must have equal right of access to the information disclosed by the company.
- 4) Information that could affect the price of the company's shares or influence investors' decisions or affect the rights of shareholders must be immediately disclosed, as appropriate, to the public through the Stock Exchange of Thailand.

The company has designated officers and Investor Relations to be responsible for disclosure as well as maintaining the operating results disclosure schedule as specified in its Corporate Governance Policy, Audited the six-month period and annual financial statements are released within 60 days from the end of period and the end of financial year. Reviewed quarterly financial statements are released within 45 days from the end of period. Quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) to help investors better understand the company operating results.

In addition, the company's Corporate Governance Policy requires directors and management to disclose their holdings of the company's shares. Changes in the holdings of the company's shares by directors and management in 2018 are shown number of shares at the beginning and ending of the year and increase/decrease during the year which shown in the "Report of Company Ordinary Shareholding by Directors and Management" of this Annual Report.

2. Investor Relations

Investor Relations is a functional unit of the company and is responsible for the accuracy, adequacy and clarity of disclosure of the company information to investors on a timely basis in accordance with the company disclosure principles and applicable requirements and regulations.

3. Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the company, management, major shareholders or related parties thereof. The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the list of qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

Details regarding the audit fees and other service fees paid by the company to the auditor as well as the auditor's report for 2019 are available in the sections titled "Audit Fees" and "Audit Report of Certified public Accountant" of this Annual Report.

Section 5 Responsibilities of the Board of Directors

1. The Company's management structure consisted of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

A. Board of Directors

The Board of Directors, in conducting the business of the Company, shall comply with laws and conforming to rules and regulations of the Bank of Thailand, the Securities and Exchange Commission and the Stock Exchange of Thailand, objectives of the Company, articles of association of the Company, code of ethics and resolutions of the shareholders' meetings, and summon general meetings of the shareholders of the Company, both ordinary and extraordinary. The Board of Directors shall perform its duties in good faith, with due diligence and care, for the best interest of the Company and all Shareholders.

The Company defined the Board of Directors to consist of individuals. They are required to be devoted to strengthen the Company with knowledge, capabilities and experience that beneficial to its business. The

Board members shall have gone through the Director training course of the Thai Institute of Directors to understand the key role in directing and evaluating the operations of the Company.

According to the regulation, the Board of Directors consists of at least 5 directors. As of 31 December, 2019, the Company has 9 directors. The combination of directors must be complied with good corporate governance guideline by the Stock Exchange of Thailand and the regulations of the Bank of Thailand as follow:

- 1) 4 independent directors: Mr.Suchart Luengsurawat, Mr.Kudun Sukhumananda, Mr. Anantroj Thangsupanich and Mr.Prawat Phatprasit
- 2) 2 executive directors: Miss Doungchai Kaewbootta, and Mr.Thititham Rojanapruk
- 3) 3 non-executive directors: Mr.Sukont Kanjana-huttakit, Mr.Pinit Puapan and Mr.Prayong Saennual

The Board of Directors is well-balanced in the proportion because four of them were independent directors.

The Company defined the Board of Directors to consist of individuals. They are required to be devoted to strengthen the company with knowledge, capabilities, legal expertise and experience that beneficial to its business.

Structure of the Board.

- The Company Secretary is also the secretary of the Board of Directors and serve the Board of Directors in the areas of providing legal advice and other regulations that the Board of Directors must know.

- The vacating director may be eligible for re-election. There is no limit for number of terms of being the Company Director which is subject to the approval of Shareholders.

- The Directors must not be the Directors in more than 5 other Public companies. The holding of Directorship in other companies mentioned above must be informed to the Board of Directors and approved by the Board.

- No director is allowed to be the partner or director of other companies which have similar business and operate the business in competition with the company excepted that the matters were informed to the shareholders' meeting before the person was appointed to the company's director and approved by the Bank of Thailand.

- Every Director should understand comprehensively the duties and responsibilities of the Company's Director and the nature of business of the Company as well as shall express their opinions independently. They shall dedicate their time and effort in carrying out the duties to reinforce the strength of the Board.

- The Directors should have qualification and experience as requested by the Company and not prohibited by law or against the regulation of the Bank of Thailand, the S.E.C and the Stock Exchange of Thailand.

B. Audit Committee

The Audit Committee appointed by BFIT's board of director for a three-year tenure has duties and responsibilities as follows:-

1. To review BFIT's financial reporting process to ensure that it is accurate and adequate.
2. To review BFIT's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review BFIT's compliance with the law on securities and exchange, the Stock Exchange's regulations, and/or the laws relating to BFIT's business.
4. To consider, select and nominate an independent person to be BFIT's auditor, and to propose such person's remuneration to the Board of Directors and submit to the General Meeting of Shareholders for approval, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in BFIT's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of BFIT's financial report,
 - (b) an opinion on the adequacy of BFIT's internal control system,

- (c) an opinion on the compliance with the law on securities and exchange, the Stock Exchange's regulations, and/or the laws relating to BFIT's business,
- (d) an opinion on the suitability of an auditor,
- (e) an opinion on the transactions that may lead to conflicts of interests,
- (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
- (h) other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by BFIT's board of directors.

7. Clearly specify duties of the Audit Committee, change of the Committee's composition, and any changes which have material impact on the operations of the Audit Committee in writing, upon approval of the Board of Directors, and disclose in BFIT's Annual Report for shareholders' acknowledgement.

8. To report to the Board of Directors so that the board can rectify the issues within the timeline specified by audit committee on the following findings or suspected transactions or actions:

- (a) Conflict of interest.
- (b) Fraud, possible fraud, or significant deficiency of internal control;
- (c) Breaching of the applicable laws and regulations. In case where the Board of Directors or Executive Management failed to rectify the issues within the specified timeline, audit committee shall report such deed to the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand and disclose in BFIT's annual report.

9. To perform any other act as assigned by BFIT's board of directors, with the approval of the audit committee.

As of December 31, 2018, the Audit Committee comprising 3 members of independent directors as follows:

- | | |
|------------------------------|---------------------------------|
| 1. Mr.Suchart Luengsurawat | Chairman of the Audit Committee |
| 2. Mr.Kudun Sukhumananda | Member of the Audit Committee |
| 3. Mr.Anantroj Thangsupanich | Member of the Audit Committee |

Mr.Suchart Luengsurawat is a chairman of audit committee who having sufficient knowledge and experience to review the reliability of company's financial statement.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee appointed by the Company's board of director for a three-year tenure. The Nomination and Remuneration Committee shall have independent judgment. The Chairman of the committee must be an Independent Director. The Nomination and Remuneration Committee has duties and responsibilities as follows:-

1) Stipulate policy, guideline and procedure to nominate directors and high level management from the position of Assistant Managing Director or higher in order to present to the Company's board of directors to consider and approve.

2) Screen and submit the names of persons that are qualified for the following positions in order to nominate to the Board of Directors:-

- (a) Directors
- (b) Higher level management from Assistant Managing Director upwards.

3) Oversee that the size and structure of the Board of Directors are adapt to the organization and can be adjusted to the changing environment by which the Board of Directors comprises of knowledgeable, capable and experienced persons in various fields.

4) Stipulate the policy of remuneration and other benefits including the amount of remuneration and other benefits providing to the directors and high level management from Assistant Managing Director upwards with clear and transparent criteria in order to propose to the Company's board of directors for consideration.

5) Oversee that the Company's directors and higher level management from Assistant Managing Director upwards receive the remuneration that match their duties and responsibilities to the Company and those that entrusted with higher responsibilities and duties receive an increase in remuneration in relevant to their extended burdens.

6) Lay down the direction for the appraisal of the directors and higher level management from Assistant Managing Director upwards to determine their annual remuneration by taking into considerations their responsibilities and relevant risks including the emphasizing of the added value to shareholders in the long run.

As of December 31, 2019, the Nomination and Remuneration Committee comprising 2 members of independent directors as follows:

- | | |
|----------------------------|---|
| 1. Mr.Suchart Luengsurawat | Member of the Nomination and Remuneration Committee |
| (Independent Director) | |
| 2. Mr.Prawat Phatraprasit | Member of the Nomination and Remuneration Committee |
| (Independent Director) | |

D. Executive Committee

The Executive Committee appointed by the Company's board of directors comprises of member of directors and senior management from Assistant Managing Director level upwards of which the Executive Committee may appoint additional members as it deems appropriate.

The Executive Committee has the authority to manage and operate the business within the scope that the Board of Directors had specified i.e.:-

1. The Executive Committee is authorized to manage business and oversee overall operation of the Company except some cases that the Company's Articles of Association had stipulated that they must be

approved by the Company's board of directors or matters that the Board of Directors had already regulated specific authority such as the approval of credit line and investment.

2. To consider the alteration of the authorized persons and condition of the signing of the authorized persons.
3. To consider the appointment of the members of Assets and Liabilities Committee, Risk Management Committee, Investment Committee and Credit Committee in case the members' term expired and report to the Board of Directors for acknowledgement.
4. To stipulate and review the ratio of the holding of liquid assets of the Company.
5. To consider an approval of the extending the credit line of not more than Baht 150 million per case.
6. Authority to approve investments in debt securities that either have credit ratings below Investment Grade or do not have creating ratings up to 150 million baht per company. The aggregate investments in such debt securities will not exceed 10 percent of total debt securities portfolio value.
7. Authority to approve investments in equities, warrants, derivatives and unit trust, which are traded or expected to be traded in secondary markets, up to 150 million baht per company.
8. Authority to approve investments in equities, warrants, derivatives and unit trust, which are traded outside secondary markets or not expected to be traded in secondary markets, up to 100 million baht per company.

As of December 31, 2019, the Executive Committee comprising 4 members of directors and senior management as follows:

- | | |
|------------------------------|-----------------------------------|
| 1. Miss Doungchai Kaewbootta | Member of the Executive Committee |
| 2. Mr.Thititham Rojanapruk | Member of the Executive Committee |
| 3. Mr.Prayong Saennual | Member of the Executive Committee |
| 4. Mr.Montree Chansongnoen | Member of the Executive Committee |

The Company also has a number of committees responsible for each business sectors or important functions i.e. the Credit Committee, the Investment Committee, the Assets and Liabilities Management Committee, the Debt Restructuring Committee, the Collateral Evaluation Committee, and the Risk Management Committee. These committees have the authorities stipulated by the Company's board of directors with management teams to oversee each business or each function in order to operate properly and in

line with the rules, regulations, relevant laws as well as the plans and policies that approved by the Company's board of directors.

2. The Nomination of Directors and Executives

(1) Independent directors

Qualifications of independent directors

To ensure that the independent director of the Company has independence quality qualifications, the Company defines "Independent Director" means a director who has neither involvement in business executions nor related interests with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company that would bring about conflicts of interest which may affect independent decisions. Qualifications of Independent Director of the Company, is more stringent than that under the criteria set by the Capital Market Supervisory Board, Re: Application for and Approval of Offering for Sale of Newly Issued Shares, detail of which are as follows.

- 1) Holding shares not more than 0.5% of the total shares with voting right of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person. Such shareholding shall include the shares held by related persons of such independent director.
- 2) Not being or having been an executive director, employee, staff, or advisor who receives regular salary; or a controlling person of the Company, its parent company, subsidiary, affiliated company, subsidiary of the same level, major shareholder or controlling person of the Company, unless the foregoing status has ended not less than 2 years before taking up the position. Nevertheless, such prohibited characteristics exclude the person who had been a government official or an advisor to any government organization that is the Company's major shareholder or controlling person.
- 3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the child – of the other directors, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary.
- 4) Having no business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholders, or controlling person of the Company in the manner which may impede his/her independent discretion; and neither being a significant shareholder or a controlling person of those having

business relation with the Company, its parent company, subsidiary, affiliated company, major shareholders or controlling person of the Company, unless the foregoing characteristic has ended for not less than 2 years before taking up the position.

Business relationships above shall include any normal commercial transaction in business undertaking; a rental or lease of immovable property; a transaction relating to assets or services; a grant or receipt of financial assistance via lending, borrowing or guarantee; an offer of assets as collateral as well as any similar action that results in the Company or its counter party being indebted to the other for the amount of 3% of net tangible asset or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning Criteria of Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

- 5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before taking up the position.
- 6) Not being a professional advisor of any kind which includes legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, and not being a significant shareholder, controlling person, or partner of the professional advisor, unless the foregoing relationship has ended not less than 2 years before taking up the position.
- 7) Not being a director appointed as a representative of the Company's directors, its major shareholder, or shareholder related to major shareholders.
- 8) Not undertaking any business similar to or competing with that of the Company to a significant extent, or not being a partner holding shares in a partnership exceeding 10%, or an executive director, employee, staff, or advisor who receives regular salary from or has more than 1% shareholding in any other company

that undertakes any business similar to and competing with that of the Company or of its subsidiary to a significant extent.

- 9) Not having any characteristics that make him/her incapable of expressing independent opinions with regard to the applicant's business affairs.

In case that an independent director is nominated as a member of the Audit Committee, There are additional qualifications as follow:

- 1) Must not be a director who is assigned by the Board of Directors to decide in operational businesses of the company, a parent company, subsidiary companies, associate companies, major shareholders or the company's controlling persons and
- 2) Must not be a director of a parent company and subsidiary companies in the same chain level which are listed companies.

All current independent directors and members of the audit committee hold all qualifications as defined by the Company's policy above.

(2) The Nomination of Directors and Executives

2.1 The nomination and appointment in the Directorate level

The Nomination and Remuneration Committee will scrutinize the selection and screening of individuals that will become the Company's directors and independent directors from a person who is qualified and not having prohibited characteristics as stated by the laws relating to the public limited company and other relevant laws, has capability, knowledge and experience in various fields by considering the size of the assembly that will fit with the organization, good corporate governance including the adjustment to conform with the changing environment. The selected candidates will be nominated to the Board of Directors for the appointment in case that the director positions become vacant apart from retirement by rotation or present to the shareholders meeting for appointment in case that the director positions are vacated due to the expiration of the terms or for the appointment of additional directors by which the Company's Articles of Association stipulates that the Company can have no more than 9 directors and not less than half of the directors must reside in Thailand. In every annual general meeting of shareholders, one-third or the number nearest to one-third of the directors shall retire from their office. A retiring director is eligible for election.

The resolution of the Board of Director for the appointment in case that the director position becomes vacant for any reason other than by rotation shall consist of not less than three-fourth of the votes of remaining directors. The director who fills the vacancy shall retain his office only for the remaining term of office of the director whom he replaces.

In case of the appointment of the directors that present to the shareholders meeting, the directors shall be elected at the general meeting of shareholders, provided that:

- 1) Each shareholder shall have a number of votes equal to a number share of held.
- 2) Each shareholder shall exercise all the votes to elect one or more persons as directors but he shall not split his votes in favor of any candidates.
- 3) The person receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time.
- 4) In the event that a number of persons received an equal number of votes for the last directorship exceeding the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.

The Company provides opportunity to all shareholders in order to nominate qualified candidates for annual general meeting of shareholders to appoint as the Company's directors.

Eligible candidates for the position of independent director must hold the qualifications of independence stipulated by the Company (The detail of the qualifications of independence states in the 2 (1))

2.2 The nomination and appointment of Assistant Managing Director or higher Level

The Nomination and Remuneration Committee will screen and nominate the name of persons that are qualified to the Board of Directors for the appointment.

3. Roles, Duties and Responsibilities of the Board.

The Board of Directors has duties to carry out the company's business in compliance with the laws and regulations of Stock Exchange Commission and the Stock Exchange of Thailand, the objectives and articles of association of the company as well as the resolutions of shareholders' meeting. The duties shall be

performed with honesty and prudence and taken into account for the maximum benefit and fairness of the company and shareholders. The Roles, Duties and Responsibilities of the Board include the following.

- Consider and approve major matters relevant to the company's business, such as vision, mission statements, business plan, financial objectives, annual operating budget and risk management for example.

- Oversight and monitor to ensure that the executive has operated the business with efficiency and in accordance with the approved policy and business plan.

- Oversight and monitor the Company for sufficient and efficient internal control and risk management system. The Board of Directors shall assign the Audit Committee to oversee the systems, review them constantly and report in the Annual report.

- Oversight and monitor the Company for operation control system, financial report and compliance to rules, regulations and policies. The Board of Director shall assign the Audit Committee to closely oversee and these subjects with the Internal auditor and report in the Annual report.

- Carefully review the connected transactions, or transactions that may cause conflict of interest. The connected parties are not allowed in the decision making process and the transactions shall be disclosed properly, correctly and accurately.

- Establish and approve the Corporate Governance policy.

- Establish and approve the "Codes of Conduct" so that all directors, executives and employees can use them as guidelines in operating the business.

- Oversight and monitor the Company's business continuity plan, to cover long-term continuity of management and employee development plans.

- The Board of Directors assign the Company Secretary to collect helpful comments or suggestions from the stakeholders and report to the Board of Directors for consideration. In case the Stakeholders see any illegal issue, inaccuracy of the financial report, internal control deficiency or unethical business, they can address their concerns on misconducts following the details were disclosed in "Anti-Corruption policy".

4. The Board of Director's meeting.

The Company shall facilitate the Board of Directors meeting to be held at minimum 4 times a year to consider and acknowledge the business performance including consider the business operation that has gone through consideration and screening from the Sub Committee. The Executive committee shall conduct a meeting at minimum 6 times a year to consider the Company performance. The Audit Committee shall

conduct a meeting at minimum 4 times a year to consider the subjects defined in the Charter of the Audit Committee and the Nomination and Remuneration Committee shall conduct a meeting at minimum 2 times a year to consider the subjects defined in the Authority of the Nomination and Remuneration Committee. In case there is any urgent or necessary the committee and Sub Committee may call for additional meeting. The Company shall determine the agendas of the board meetings in advance throughout the year to provide the Committee for appropriate time allocation. In the Board of Director's Meeting, the minimum committee number must have two-thirds of all directors. In every meeting the Company assigned for the followings actions.

- Written notice calling for meeting together with relevant documents must be sent to directors at least 7 days in advance so that the Directors would be able to check out the information beforehand.

- Every director must attend the meeting. If unable to attend, the director must inform the Company Secretary.

- Chairman of the Board shall provide adequate timing for the Board to consider each agenda independently and prudently.

- The director who is connected with the issue being considered must refrain from voting that agenda. In case the director significantly connected with the issue that lead to independently express the opinion, the director must leave the meeting during the consideration.

- Resolutions of the Board of Directors' meeting shall be made by majority votes. Each Director counted as 1 vote. In case there is any director disagrees with the resolutions, the disagreement must be recorded in writing in the minutes of meeting.

- The non-executive directors must hold a meeting among themselves at least once a year to discuss various issues regarding the management of interest without the Company's executives.

- The Committee may request additional data or information required to be included in the agenda by contacting the Company Secretary.

- The Committee may invite outside consultants or professionals to make comments for the consideration of the problems associated with the company.

- The Company Secretary shall be Secretary of The Board of Directors, and shall help The Board organizes the meeting agendas, prepare notice calling for the meeting, oversee the meeting, prepare minutes of

the meeting, keep documents related with the meeting and provide counsel to The Board on legal matters and other related regulations.

5. The Board of Directors Self- Assessment

The Company believes that a good mechanism to evaluate the performance of the Board and the Sub Committee shall enable the Board and the Sub Committee to improve their operation and efficacy. Therefore, the company has designate the Board and the Sub Committee to conduct the Self- assessment with following detail.

- The Board of Director and the Sub Committee comprise of the Audit Committee and the Nomination and Remuneration Committee conduct the self-assessment at least once a year and disclose in the Annual report.

- The Nomination and Remuneration Committee shall regular prepare for and improve the self-assessment of the Board and the Sub Committee to comply with time and changing circumstances.

- The Company Secretary shall deliver the self-assessment form to each Director for their independently evaluation and submit the result in the Board meeting.

6. Remuneration of Directors and Executives

The Company shall appoint for the Directors Remuneration annually at the appropriate rate that according to the remuneration of other similar size listed companies that conduct the same character of business.

- The Board of Director shall consider the remuneration as recommended by The Nomination and Remuneration Committee, based on the performance of the Company according to the remuneration of other similar size listed companies that conduct the same character of business to submission to the General Meeting of Shareholders for approval.

- The Nomination and Remuneration Committee lay down the direction for the appraisal of the directors and higher level management from Assistant Managing Director upwards to determine their annual remuneration by taking into considerations their responsibilities and relevant risks including the emphasizing of the added value to shareholders in the long run.

7. Development of the Board of Director and Executives.

The Company has a policy to encourage Directors and Executive to continuously and consistently educate for benefit of the business with the strong and sustained growth amidst the dynamic change of social, economic and business competency.

- The Company shall encourage the Company's Directors to get the training course from the Thai Institute of Directors for their understanding regarding roles, duties and responsibilities of the Directors.

- The Company shall encourage the Company's Directors, the Company Secretary and Executive to regularly get or participate in the training course that shall benefit the Company's business.

- The new Director and Executive shall be advised for the Company's business characteristics and business practices provided with sufficient documents and information.

- The Company shall encourage the Executives to prepare for the Management Development plan and Succession plan to ensure of the business continuity and efficacy.

8. Appointment and Succession of Senior Executives.

The Company's method of selecting senior executives of various levels needs to be both reasonable and transparent. The selection process is to convince the public that the Company's executives are chosen for their professionalism and are free of the influence of major shareholders or other parties. Plans for implementing this process are considered and reviewed by the Board of Directors. To prepare for their upcoming promotion, the persons who succeed to such important positions receive individual development courses.

Corporate Social Responsibility (CSR)

1. Undertaking business in a just and equitable manner

To achieve just and equitable business operations. The Company has defined a core strategy of giving great importance to the rights of all Stakeholders, regardless of whether they are internal (ie : staff and members of management) or external (ie : customers, creditors or other involved organizations, including local communities, society as a whole, and the environment). This just and equitable way of conducting its businesses is not limited to what is required by law but also includes those actions that will not infringe upon or violate the basic rights of all these Stakeholder Groups; whereby the following standard “Code of Good Business Conduct and Ethics” have been defined as below.

- *Policies and responsibilities towards Shareholders*

1. Establishing a policy framework for good corporate governance principles and practices, in order to enhance full transparency towards as well as trust among Shareholders, investors, and all other Stakeholders, through having in place policies and directions relating to the Company’s business operations and activities as well as giving great importance on having in place specific internal controls and audit systems. This is to effectively monitor and ensure that the management group fully complies to agreed internal policies and strategies; whereby all such policies, procedures and activities are for the full benefit of the Shareholders.

2. Respecting the basic rights of all its Shareholders to receive, on a equal basis, all necessary and relevant information to facilitate an assessment of the Company operations; and making full disclosures regarding the Company’s performance results and financial status together with detailed supporting documents as required by the Bank of Thailand, the Stock Exchange of Thailand and the Securities and Exchange Commission.

3. Having in place effective systems and procedures, to ensure that every single Shareholder will receive the same and equal treatment during Shareholders Meetings.

- *Guidelines relating to “Conflict of Interests” situations*

1. In their dealing with customers or other outside parties, all employees are required to avoid any possible situations of possible ‘conflicts’ with regard to their own personal interests and those of the Company.

2. All employees are required to be fully committed, in terms of their efforts and time, towards the activities of the Company. In the event that they wish or have to undertake on any additional work outside the normal working hours (in order to increase their personal income or for whatever reason), the following guidelines must be observed :

- It must not affect their assigned role or responsibilities within the Company.
- It must not be illegal or cause any conflict or unrest; and it must be within the normal culture and good behavior of a Thai citizen.
- It must not have any negative impact on the good name or reputation of the Company.
- It must not be in conflict with the business activities and benefits of the Company.
- It must not involve with the misuse use of any confidential information of the Company.

2. Respect for Human Rights

The basic human rights entitled by everyone includes the right for dignity and happy as a human being and a part of society, together with the right to be treated with dignity and respect. The respect for these basic rights is the basis for a stable and peaceful society.

The Company gives great importance to the respect for these basic human rights and the great value of its human resources, as well as wishes to enable all its employees to feel proud of the Company. As such, all Staff members will be able to develop and be supported in improving their knowledge and abilities on an equal and continuous basis, within the following framework for the development of its human resources:

- *Equal treatment and opportunities for advancement*

1. Treating all employees alike and equally with respect for their dignity and value as a human being.
2. Recruiting and selecting capable people to operate our business, based on the required benefits and achievements of the Company in a just and equal manner; as well as based on the needs of the Company's operations. This will facilitate acquiring good and capable people. The required qualifications, education, experiences and other criteria for each position will be taken into consideration without imposing any restrictions with regard to gender, age, race, religious beliefs, or personal relationships.

3. Determine and implement employees' compensation plans as appropriate to the individual capabilities, together with a welfare and benefits package for the employees based on the current economic

situation. Also determine annual increases for the overall compensation plans, based on the Company's overall performance results and the individual employee's efforts and contribution during the past year.

4. Encourage and promote continuous development of the employees' knowledge and capabilities, including their basic business skills, management skills, and ability to effectively carry out their assigned responsibilities; whereby support is given by the Company in terms of training budgets and time-off allowed to be able participate in such development programs on a continuing basis. This is so that all employees have the same opportunities for self-development and improvement of their skills and capabilities and to facilitate their career advancement, as well as to develop the Company's human resources to be good people with the right attitude and knowledgeable in their work.

5. Continuously promote and enhance good internal communications to facilitate good relations and effective cooperation among the employees in the work place.

6. Promote an open environment in which every employee has the opportunity to communicate freely and submit any suggestions concerning work as well as any complaints or issues regarding their working conditions and welfare via a Company Employee's Welfare Committee. All suggestions and complaints will then receive full and serious consideration and receive an appropriate response, in order to benefit all parties and enhance good internal cooperation and working relationships.

- *Human rights Violations*

1. All supervisors should show the proper respect towards their subordinates; and all subordinates should act in the same manner towards their supervisors.

2. Every employee must not express anything or act in any way that will infringe or violate upon the basic individual rights of others in terms of race or religious beliefs, as well as any physical or mental disabilities.

3. Anti-Corruption

The Company has declared its intent against the corruption to the public by posting on Company's website, announcing at its office building and uploading to the Company's intranet in order to communicate with all stakeholders and staff about anti-corruption policy and guideline which were specified, based on size

and characteristic of the Company, in the business ethics for Company's Board of Directors and ethics for the staff.

The anti-corruption policy specifies that Company's directors, executives and staff in all levels are prohibited to act or involve with any work operation with high risk in anti-corruption. Every staff must strictly adhere to such policy by operating their duties with integrity and corruption free. The policy shall covers but not limit to some cases or risk patterns as follows.

- Embezzle or misappropriate of the Company's properties to be his or his party possession.
- Bribery in any forms such as receiving or providing present or facilitation in forms of cash, stuff or benefit in other forms.

- Giving donation to charity or contribution must be made under the Company's name only. Amount of money given must be appropriate based on each case.

- Political contribution means providing financial contribution, property or contribution in other forms both directly or indirectly to support political activity in order to receive benefit improperly for Company's business operation. The Company has been adhering to political neutrality and supporting democracy, so it does not allow any person in the Company to use its resources to contribute or support politician or political party, or take action involving politics.

- The procurement which is one of transactions that may lead to corruption easily, so it is necessary to be operated with prudence, transparency, being verifiable and in line with Company's rule and regulation.

- Human resource management which includes recruitment, training, performance evaluation, remuneration, promotion or punishment, etc. shall be done with transparency, neutrality, inequality or prejudice toward specific persons. Such action shall not represent personal interest or party interest which is in line with the prevention and against corruption measure.

- Conflict of interest refers to an event where personal interest is in conflict with Company's interest impacting work operation and decision-making on various transactions. Such conflict may arise from inappropriate or confuse duty and responsibility, for example a staff who has duty in imposing discipline for one department, but at the same time, he also works in that department, or arise from disclosing confidential information to outsiders which such information is used to benefit oneself or his party, etc.

Therefore, in order to handle the conflict of interest. The Company shall not just set clear and appropriate duty and responsibility, but if any transaction is found out that the staff has the conflict of interest,

that staff shall avoid using authorization in making decision for such transaction. If there is inevitable, the operation should be conducted with prudence, neutrality and transparency. If any conflict of interest is found out, it shall be disclosed to the stakeholder or relevant persons for acknowledgement.

- The staff who deny actions involved corruption concerning Company's business operation will not be considered having guilty. The Company confirms that those staff will not receive any demotion or punishment, although they might lose business opportunities due to such refusal. Besides, they might be praised and protected as well as those who report suspicions of corruption or complaint.

The Company has determined a guideline in receiving suspicions of corruption or complaint where they must be the matters or actions involved or implied corruption that affect benefit or reputation of the Company directly or indirectly. Those matters or actions must contain fact causing corruption. They are not created by dishonest intention to frame or bully others. The appellants or persons who are likely to report suspicions of corruption or complaint is following :

- Every staff shall consider the suspicions of corruption or complaint report as an important matter for anti-corruption measure. Therefore, it is their duties to report to the Company or their supervisory persons without hesitation when find any action involved or implied corruption which will affect the Company without any negligence or overlooking.

- Outsiders (such as shareholders, customers, people in general, etc.) can report suspicions of corruption or complaint.

The Company provides channels for the stakeholders to communicate with the Company, Board of Directors and Management who act as a center in receiving and handling complaints from individual customers and business customers. Moreover, the Company provides channels for communication, suggestion and receiving useful information which is benefit Company's business operation. Such channels were designated to handle complaints, if find any wrong actions which will be connected directly to the Board of Directors in order to maintain transparency in work operation.

The Company had established the Whistle blowing or Complain Channels as follows :

- Inform or report by oneself or by letter to 3rd floor, Srisawad Building, no. 99/392, Soi Chaeng Watana 10 yaek 3, Chaeng Watana Road, Tungsonghong Sub-district, Laksi District, Bangkok 10210

- Inform or report through Company's website:

<http://www.srisawadfinance.co.th> (under “Complaint”)

- Inform or report via Company’s E-mail as follows.
 - The Chairman of Audit Committee through a secretary : tichas@srisawadfinance.com
 - The Managing Director : thititham@srisawadfinance.com
 - The Head of Audit Department : tichas@srisawadfinance.com
- Inform or report through Company’s telephone no. as follows.
 - The Chairman of Audit Committee through a secretary: 0-2073-0677 ext. 376
 - The Managing Director : 0-2073-0677
 - The Head of Audit Department (Acting) : 0-2073-0677 ext. 376
- Inform or report through Company’s fax no. : 0-2073-0670

To protect the rights of information providers, the Company has established a policy of information or complaint receiving (Whistle-blowing Policy), identifying the receiving channels, information or complaint management processes, measures to protect the rights of information providers, protection of confidential information only authorized persons can have access to such information, and only independent directors are assigned to give orders and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights.

Measure for protecting the appellants: in order to protect persons who honestly report suspicion and complaint and provide information. The Company will keep their names, addresses or any information that can identify such person remained anonymous. All staff involved shall comply with:

- The staff who receive information from performing duties related to anti-corruption whistle blowing or complaint shall keep such information and evidences of the appellants and witnesses confidentially where they must not disclose such information to other irrelevant persons except the laws allows to disclose such information.
- Actions of the staff who report suspicion or complaint with honest intention are considered as performing duties lawfully and will receive appropriate protection from the Company. They will not receive demotion or unfair treatment.

4. Equitable Treatment for all Employees

The Company values and believes in the power or ability of its human resources, which are vitally important in effectively driving the organization towards the realization of its vision and achievement of its mission in accordance with the agreed business strategies. Thus, the Company strives to recruit and select new hires possessing the knowledge, capability, attitude and mindset, and full willingness to join and work for the Company. At the same time, the Company also strives to retain its existing employees through continuous development of their knowledge, skills and capabilities, so that they can achieve with good teamwork assist each other as needed. Additionally, the Company strives to build up mutually solid working relationships and bonds that will enable the Company to more effectively and efficiently achieve its business goals and objectives. Most important of all, the Company always strives to create a positive and happy working environment, with all employees liking each other and feeling proud to be a part of the organization.

- *Management of compensation / remuneration schemes and employee welfare*

The Company believes in having an equitable compensation policy to facilitate a good and happy living standard that are appropriate to the current costs of living, as well as in providing financial assistance or support and various other employee welfare benefits such as providing provident fund, insurance benefits accident, healthcare, welfare loan, staff uniforms, annual health check-up, annual staff trips, fire drills and the installation of fire prevention system etc.). The Company also believes in encouraging all employees to be happy at work and have a good balance between their work life and personal life, based on the principles of economic self-sufficiency.

- *Individual rights and freedom of choice of employees*

The Company gives great importance to the protection and preservation of human self-dignity and of individual rights and freedom of choice, through addressing and incorporating measures to prevent any such potential infringements of individual rights as an integral part of the Company's core operating procedures, as well as ensuring equal treatment for all employees. All staff have the opportunity to submit any complaints or personnel management issues to their supervisors, with 'suggestion boxes' being available and located throughout the Company facilities for any employee to submit any such suggestions or observations and comments as well as any complaints and issues, or requests. The Company Welfare

Committee will seriously consider such all inputs and make their recommendations to the Management as to the appropriate responses and feedback to be made and/or actions to be taken.

- *Development of staff potential*

The Company has established various procedures and systems relating to the continuous development of the potential of its employees at every level, including formal training programs, staff coaching, on the job training, and mentoring, so that every employee is able to become more effective in their work and be a positive part of the organization.

- *Active participation in creative activities to benefit society and local communities*

The Company encourages all employees to be actively involved in various CSR related programs and activities that will benefit society, the community and the environment.

5. Responsible towards Customers, Counterparties and Others

Apart from complying with all legal requirements relating to the treatment of consumers. The Company has policies in place requiring all staff members to apply ethical business conducts in their actions towards both consumers and its business partners, as follows:

Customers: The Company aims to promote customer satisfaction in high quality financial products and services, in response to the needs of customers. The Company gives due attention to and holds itself accountable to customers, and gives high priority to the protection of their confidential information. Customers are provided with explanations of the risks related to the use of various financial services, and are given the opportunity to express opinions through responsible parties that the Company has assigned to handle customer complaints.

Counterparties: The Company respects compliance with contracted terms and conditions in trade, in fair and acceptable competition, and refrains from all fide practices. For supplier selection, the Company shall not enter into business matching with unlawful businesses, and suppliers should have the Corporate Social Responsibility policy and avoid causing any environmental pollution.

Competitors: The Company observes fairness in competition and does not practice any fide methods that are deleterious to competitors.

Creditors: The Company abides by lending terms and conditions and all legitimate duties to creditors, debenture holders and depositors.

The Company also specified other procedural guidelines, as follows:

Fairness: The Company demonstrates fairness to all parties having business relationships with the Company, and does its best to avoid any bias or events that would lean to conflicts of interest.

Ethics: The Company adheres to its Statement of Business Conduct and pursues every business endeavor with integrity.

Professionalism: The Company maintains professional standards, aiming high for superb quality integrated with modern and sophisticated technology.

Responsiveness: The Company has the readiness to respond to the needs of its customers and society, as well as changes in the economy and technology, both at present and in the future.

Discipline and Compliance: The Company is committed to discipline in the operation of our business and ensure that all business decisions and actions comply with all applicable laws and regulations and to observe good standards of behavior, such as protection of intellectual property right and copyright, A software compliance policy has been implemented to ensure that only copyrighted software is used in the Company's information systems. A prohibition against offering or receiving bribes for business benefits, etc. has been incorporated into the Code of Conduct. In addition, the Company supports and respects human rights protection by refraining from human rights violations and providing related understanding for employees to ensure their correct actions.

6. Development Local Communities and Society

The Company is committed to conducting business with social responsibility and careful consideration of any matter affecting the public sentiment (Public Interest). The Company is always aware and mindful of the great importance of operating its business based on the highest ethical and moral business standards as well as believes in looking after and helping to create a good Thai society in a positive manner and on a sustainable basis. The Company acts as a good citizen, is non-partisan and is not aligned with any political party. The Company bears in mind its role as part of the society at large and its responsibility to assist society and promote activities that benefit the community, society, and environment, in order to enhance the living standards of the people.

7. Protecting and Managing the Environment

The Company realizes the great importance of efficient use of energy and energy conservation, together with associated protection of the environment; and thus promotes the use of energy-efficient electrical appliances, which is a one of the Company's CSR practices.

The Company encourages its employees to recycle and reuse used printing paper, as well reuses its packaging materials. Recycled or reused to make the most efficient removal and storage of waste material to be healthy, in order not to have any impact on the surrounding community and promote staff awareness and responsibility to care for and protect the environment. The Company organizes training courses and encourages employee involvement through the expression of opinions and participation in activities related.

Disclosure and Transparency

Realizing the importance of transparent information disclosure, the Company has supervised and set up the Company Disclosure Policy. The objective of this policy is to ensure that disclosures of the Company's financial and non-financial information to shareholders, investors, analysts, regulatory agencies, and the general public are accurate, complete, timely, equal, transparent, consistent, and in accordance with all applicable laws, regulatory requirements, and criteria.

In 2019, the Company adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand and Financial Reporting Standards. Such information was also disseminated via the SET Community Portal and the Company's website. The financial statements were reviewed/audited by certified public accountants and were endorsed by the Audit Committee before disclosure to shareholders; the Board of Directors also disclosed its report of the responsibilities for financial reports in the annual report. Moreover, the Company has published unreviewed/unaudited quarterly financial statements, reviewed/audited financial statements as well as other non-financial information such as the Management Discussion and Analysis (MD&A), the resolutions of Board of Directors and/or the shareholders' meeting and information on the Company's corporate governance for the benefit of shareholders, investors and analysts. In addition, the Company has periodically evaluated the effectiveness of its disclosure procedures.

For disclosures of important information, the Company uses various communication channels, communicating regularly through public media channels so that the Company's shareholders and stakeholders have thorough access to information. Information outlets include:

1. The Stock Exchange of Thailand
 - 1) The Annual Report
 - 2) The Company's Financial Statements
 - 3) Notification of the Board of Directors' resolutions, the meeting of Shareholders' resolutions and Other Matters
2. The Securities and Exchange Commission
3. The Ministry of Commerce
4. Newspapers
5. The Company website (www.srisawadfinance.co.th) information available in two languages: Thai and English.

Internal control and Risk Management

Board of Directors and the management have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture recognizing the importance of risk management and the adequacy of the internal control system in every function. Company requires all business units to comply with the best practices for internal control as a guideline for the business unit operations and in employee's practices. The Audit Committee has the duty and responsibility to review the effectiveness and adequacy of all risk management processes and internal control systems by discussing and evaluating operational results with the Audit Department on a continuing basis. These discussions include consideration of the appropriateness of the scope of work, roles and responsibilities, audit plans. The results of the evaluation and quality of internal control will be reported to the Board of Directors in case that it had recommendations or found significant loophole for further improvement.

Company's focus on governance and the culture of control and preparation of policies and procedures specified in writing. It also provides guidelines of employ discipline, professional ethics and penalty in order to uphold efficiency, transparency and fairness to all stakeholders.

It also provides a review of the operations and internal controls by using the internet to enhance the performance of measures taken in the performance of company's control activities as part of the process and control structure appropriate for all sectors. The job duties will be assigned to the worker, supervisors and evaluation of each to achieve a balance between appropriate and monitoring. For activities that may pose a conflict of interest, they will be identified and implemented according to the rules and regulations related to company.

Provisioning and monitoring operations of company is equipped with risk evaluation covering complying with laws and regulations governmental agencies, policies and ethical codes of company, adequacy evaluation in internal control, and proper risk management. Company always aware that internal control is the essential process for business which enables effective operations, gains rational confidence in achieving goals, provides long-term return, brings about prudential financial report and protects company from damages in assets and reputation.

Miss Ticha Suwannasang Head of Audit Department (Acting) to responsible for overseeing the operational audit and compliance. For the central to care of BFIT's business in accordance with the laws, rules, regulations, policies and requirements of relevant government agencies, including the Bank of Thailand. Prevention and suppression of money laundering. Protection Act SEC and SET. The Board of Directors has approved a policy compliance (Compliance Policy) designated by the Board of Directors. The Audit Committee Chief executive Departments or agencies and employees must follow correct legal. Including communications with employees even realize it. All employees have a duty and responsibility to study and understand the laws and regulations in the job. And practice, correctly Follow the rules strictly to consider and approve the appointment, transfer and dismissal of the incumbent head of internal audit of BFIT must be approved by the Audit Committee. Properties of the incumbent head of internal audit.

Related Party Transactions

In 2019, related party transactions between the Company and connected persons or related parties were conducted in the normal course of business operation. Such transactions have been concluded on the same commercial terms and conditions as applied to general customers of the company in the ordinary course of businesses

Below is a summary of significant business transactions with related parties in 2019.

1. Deposits, Loan to customers and Obligation to key management directors of the company and family members, the company uses fair pricing which is a normal condition of doing business as follows:-

Deposits	Baht 147.5 Million
Borrowing	Baht - Million
Obligation	Baht - Million

2. Related party transactions between the Company and related parties, the company uses fair market price pricing, which is a normal condition of doing business or according to the agreement agreed as follows:-

Related Party	Relationship	Transaction (Million Baht)		
		Deposits / Borrowing	Service fees	Rental fees
1. Srisawad-samarn kaewbootta foundation	- A close relative of a director is a director and a shareholder in this company (Ms.Doungchai kaewbootta)	13.31	-	-
2. Pridapramote Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	250.00	-	-
3. Excel Link Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	7.08	-	-
4. Rakvaree Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	0.94	-	-

Related Party	Relationship	Transaction (Million Baht)		
		Deposits / Borrowing	Service fees	Rental fees
5. Com -Link Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	1,148.37	-	-
6. Dharmavong Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	1.76	-	-
7. Cassava Land Co.,Ltd.	- A close relative of a director is a shareholder in this company (Mr.Thititham Rojanapruk)	5.37	-	-
8. S.A.V.(Thailand) Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	5.25	-	-
9.Prasert Dee Tae Co.,Ltd.	- A close relative of a director is a shareholder in this company (Mr.Thititham Rojanapruk)	0.59	-	-
10.PPGR Co.,Ltd.	- Common director (Mr.Thititham Rojanapruk) - Director and a close relative of a director are a director and a shareholder in this company (Mr.Thititham Rojanapruk)	7.98	-	-
11. Hi-Tech Network Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	86.83	-	-
12. RakThai Technology and Business Administration Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	57.62	-	-
13. Eternal Energy Public Company Limited	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	42.00	-	-
14. I Tower Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	336.57	-	-
15. Boon Anek Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	25.00	-	-

Related Party	Relationship	Transaction (Million Baht)		
		Deposits / Borrowing	Service fees	Rental fees
16. Charoenporn Energy Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	5.70	-	-
17. XET Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	442.78	-	-
18. Saha Samakkee Services Co.,Ltd.	- Common director (Mr.Thititham Rojanapruk) - A close relative of a director is a shareholder in this company (Mr.Thititham Rojanapruk)		1.26	-
19 Boon Anek Anan Co., Ltd.	- Common director (Mr.Thititham Rojanapruk)	9.00		
20. Telservice Co., Ltd.	A close relative of a director is a shareholder in this company (Mr.Thititham Rojanapruk)	4.00		
21.Srisawad Corporation PCL.	- Parent Company	2,000.00	-	-
22.Srisawad Power 2014 Co.,Ltd.	- Related party (Common Parent Company)	-	1,214.55	-
23.I.D. 2017 Co.,Ltd.	- Common director (Ms.Doungchai kaewbootta) - Director and a close relative of a director are a director and a shareholder in this company (Ms.Doungchai kaewbootta)	-	-	29.92

Policy on Related Party Transactions

The Company puts strong emphasis on effective management under good governance. The Company has issued an Operating Manual regarding Transactions with Connected Persons or Related Parties. The Company has a policy that the price or the conditions for related party transactions would be the same as for other normal business transactions

Procedures and Approval of Related Party Transactions

All related party transactions shall be done on the same basis and conditions as applied to external parties. The procedures for approval of related party transactions are summarized as follows:-

1. The transaction of the company or the subsidiary company with directors, executives or relevant persons has a commonly commercial condition; that is to say, it is considered the transaction with the commercial agreements in the same manner as reasonable men will conduct the transaction with common contract partners in the same situation. By the commercial bargaining power without the influence as directors, executives or relevant persons (it is the transaction relevant to deposit and withdrawal, borrowing and lending, arrangement of financial structure and project loan, property trading, investment consultant, financial consultant, property distribution and advance trading of agricultural products), the executive board or the executives can approve the transaction before according to the approval authority and the principle approved by the company's board; furthermore, it is necessary to report the abovementioned conducted transaction to the meeting of the examination board or the company's board as specified.

2. The transaction of the company of the subsidiary company with directors, executives or relevant persons has no commonly commercial condition (it is not the transaction relevant to deposit and withdrawal, borrowing and lending, arrangement of financial structure and project loan, property trading, investment consultant, financial consultant, property distribution and advance trading of agricultural products); therefore, present the detail of particulars, relation of transaction, appropriateness of transaction and opinion from independent experts as the third party (auditors/appraisers/independent engineers/law offices) (if any) to the examination board for approval consideration and present to the company's board for approval consideration. The agreement of the abovementioned transaction will presented to the shareholder's meeting for approval except the abovementioned transaction is based on the Section 89/12 and/or the Notification of Capital Market Supervisory Board TorJor. 21/2551 on Rules of Relevant Transaction and/or the Notification of Stock Exchange Board on Information Disclosure and Registered Company Operation in Relevant Transaction B.E. 2546 (2003) and/or any of other conditions in the future.

3. The executives are prohibited to approve the relevant transaction with any concerns or involvements by the executives. However, the higher superior will approve the transaction and reveal the manner of relations or concerns or any interests to the company and the approver.

4. The directors with interests of conducting the transaction as the relevant particulars are prohibited to be a co-approver. However, those directors must reveal relations or concerns or any interests with the transaction conductor to the company.

5. Conducting the transaction with major shareholders or the activity with relevant benefits must follow the policy of the Bank of Thailand on Credit Transaction.

6. Conducting the transaction with major shareholders or the activity with relevant benefits must be approved by the company's board with the unanimous resolution except in case the company's board can authorize to the credit board or the executive board to approve the abovementioned credit. However, it must follow the rules of credit approval formulated by the company, and the amount of money granted to major shareholders or the activity with relevant benefits will be ratified by the company's board in the next meeting and must accept the unanimous resolution.

6.1 Granting credits, investing, taking on commitments or conducting transactions in the same manner of granting credits to the governmental agency, the fund for rehabilitation and development of financial institution systems or the governmental company or fund for rehabilitation and development of financial institution systems having the power to control the business of hold over 10 percent of all distributed shares of those companies.

6.2 Granting credits, investing, taking on commitments or conducting transactions in the same manner of granting credits to the previous customers who were approved by the company's board; however, in case of asking for the abovementioned additional financial amount or the abovementioned new financial amount.

However, if the company's board does not ratify or ratify with split resolution, granting credits, investing, taking on commitments or conducting transactions in the same manner of granting credit will be cancelled immediately.

The Company has summarized all related party transactions and disclosed in Notes to Financial Statements as required by Accounting Standard. The Company has carried out the related party transactions according to the laws, the notifications of the Office of Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand so as to comply with the Principles of Good Corporate Governance.

Management Discussion and Analysis

Summary of Operating Performance

(Unit: Thousand Baht)				
	For the year		Change	
	2019	2018	Increase (Decrease)	%
Interest income	3,101,333	2,249,285	852,048	37.88
Interest expenses	(467,373)	(489,108)	(21,735)	(4.44)
Net interest income	2,633,960	1,760,177	873,783	49.64
Fees and service income	213,773	144,517	69,256	47.92
Net gains (losses) on investments	(1)	3,450	(3,451)	(100.03)
Other operating income	95,767	57,568	38,199	66.35
Other operating expenses	(1,840,390)	(1,297,068)	543,322	41.89
Bad debts and doubtful accounts	(87,028)	(199,775)	(112,747)	(56.44)
Profit from operating before income tax expense	1,016,081	468,869	547,212	116.71
Income tax expense	(205,222)	(91,494)	113,728	124.30
Net profit for the year	810,859	377,375	433,484	114.87

The operating results of the Company for the year ended December 31, 2019 showed a net profit of Baht 810.86 million, an increase of Baht 433.48 million or 114.87% compared with net profit of Baht 377.38 million obtained in the year 2018. The details of which are listed below:

Net Interest Income

(Unit: Thousand Baht)				
	For the year		Change	
	2019	2018	Increase (Decrease)	%
Interest income				
Interbank and money market items	15,761	18,176	(2,415)	(13.29)
Investment in debt securities	7,782	12,664	(4,882)	(38.55)
Loans to customers	3,077,790	2,218,445	859,345	38.74
Total interest income	3,101,333	2,249,285	852,048	37.88
Interest expenses				
Deposits	176,541	134,587	41,954	31.17
Contribution fees to FIDF and the Deposit Protection Agency	56,791	56,860	(69)	(0.12)
Debt securities issued and borrowings	234,041	297,650	(63,609)	(21.37)
Borrowing fees	0	11	(11)	(100)
Total interest expenses	467,373	489,108	(21,735)	(4.44)
Net interest income	2,633,960	1,760,177	873,783	49.64

An increase of interest income by Baht 825.05 million due to

- An increase of interest income from loans to customers by Baht 859.35 million due to the growth of loan portfolio from Baht 18,168.13 million in 2018 to Baht 19,002.53 million in 2019 or increased by 4.59%.
- A decrease of interest income from interbank and money market items (Repo) by Baht 2.42 million due to the decrease in private repo transaction volume compared with the year 2018.
- A decrease of interest income from investment in debt securities by Baht 4.48 million since the Company sold investments during the year 2018 while no investment was purchased during the year 2019.

A decrease of interest expenses by Baht 21.74 million due to

- An increase of interest expenses from deposits by Baht 41.95 million due to the growth of average deposit balance and interest rate comparing with 2018, however during 2019, the Company have not explained deposit target and decreasing in deposit interest rate.
- A decrease of contributions to Financial Institution Development Fund and Deposit Protection Agency by Baht 0.07 million which is in line with the proportion of deposits and borrowings.
- A decrease of interest expenses from debt securities issued and borrowings by Baht 63.61 million as a result of issued share capital during the period, and use the cash received from the issuing share to pay off some debt securities issued and borrowings, so the interest expenses to be decreased.

Non-Interest Income

(Unit: Thousand Baht)				
	For the year		Change	
	2019	2018	Increase (Decrease)	%
Fees and service income				
Acceptances, aval and guarantees	0	36	(36)	(100.00)
Others	213,773	144,481	69,292	47.96
Total fees and service income	213,773	144,517	69,256	47.92
Net gains (losses) on investments				
Gains (losses) on disposal	(1)	2,175	(2,176)	(100.05)
Loss on impairment of investments	0	1,275	(1,275)	(100.00)
Net gains (losses) on investments	(1)	3,450	(3,451)	(100.03)
Other operating income				
Dividend income	2,769	2,372	397	16.74
Other income	92,998	55,196	37,802	68.49
Total other operating income	95,767	57,568	38,199	66.35
Total non-interest income	309,539	205,535	104,004	50.60

- An increase of fee income relating to loans to customers by Baht 69.29 million according to the growth of loan portfolio from Baht 18,168.13 million in 2018 to Baht 19,002.53 million in 2019 or increased by 4.59%.
- A decrease of net gains on investments by Baht 3.45 million since the Company sold investments during the year 2018 while no significant selling transaction incurred during the year 2019.
- An increase of other operating income by Baht 38.20 million due to
 - An increase of dividend income by Baht 0.40 million
 - An increase of bad debt recoveries by Baht 37.80 million

Other Operating Expenses

(Unit: Thousand Baht)				
	For the year		Change	
	2019	2018	Increase (Decrease)	%
<u>Other operating expenses</u>				
Personnel expenses	341,200	193,743	147,457	76.11
Directors' remuneration	6,685	6,540	145	2.22
Premises and equipment expenses	56,609	32,248	24,361	75.54
Taxes and duties	137,803	94,791	43,012	45.38
Loan management fee	1,214,547	922,835	291,712	31.61
Other expenses	83,546	46,911	36,635	78.09
Total other operating expenses	1,840,390	1,297,068	543,322	41.89

- An increase of loan management fee by baht 291.71 million due to the growth of loan portfolio and the collection service provided by service provider.
- An increase of tax and duty expenses by Baht 43.01 million which is in line with an increase of interest income from loans to customers.
- An increase of personnel expenses, premises and equipment expenses, and other expenses by Baht 208.60 million according to the growth of loan portfolio and business expansion.

Doubtful Account

A decrease of doubtful accounts by Baht 112.75 million due to the collateral value has been used as a deductible value for provision calculation during the year 2019 which in accordance with loan classification and reserve requirements by the Bank of Thailand.

Corporate Income Tax

An increase of income tax expense by Baht 113.73 million, mainly due to an increase of profit before income tax.

Financial Position

Assets

The Company's total assets as of December 31, 2019 amounted to Baht 20,699.20 million, which increased by Baht 1,021.79 million or 5.19%, compared with the total assets of Baht 19,677.41 million at the end of 2018.

	(Unit: Thousand Baht)					
	December 31, 2019		December 31, 2018		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Cash	20	0.00	20	0.00	0	0.00
Interbank and money market items, net	1,549,837	7.49	1,753,910	8.91	(204,073)	(11.64)
Investments, net	180,868	0.88	198,409	1.01	(17,541)	(8.84)
Net loans to customer and accrued interest receivables, net	18,295,568	88.39	17,311,984	87.97	983,584	5.68
Properties foreclosed, net	162,147	0.78	91,952	0.47	70,195	76.34
Land, premises and equipment, net	145,838	0.70	152,856	0.78	(7,018)	(4.59)
Intangible assets, net	5,685	0.03	5,551	0.03	134	2.41
Deferred tax assets, net	661	0.00	0	0.00	661	100
Other assets, net	358,574	1.73	162,727	0.83	195,847	120.35
Total asset	20,699,198	100.00	19,677,409	100.00	1,021,789	5.19

At the end of 2019, the Company had a Private Repurchase Agreement of Baht 670.00 million (which is included in interbank and money market items), or approximately 3.24% of total assets.

The Company's main assets are comprised of financial assets, including loans to customers and accrued interest receivables and other assets, the details of which are as follows:

Investments, net

The net investments at the end of 2019 amounted to Baht 180.87 million which decreased by Baht 17.54 million compared with the net investments at the end of 2018. The cost price or fair value is classified by type of investment as follows:

(Unit: Thousand Baht)						
	December 31, 2019		December 31, 2018		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
<u>Available-for-sale securities</u>						
Government and state enterprise securities	81,538	45.08	83,076	41.87	(1,538)	(1.85)
Private sector debt securities	82,383	45.55	98,380	49.58	(15,997)	(16.26)
Domestic marketable equity securities and unit trusts	166	0.09	172	0.09	(6)	(0.03)
Total available-for-sale securities	164,087	90.72	181,628	91.54	(17,541)	(9.66)
<u>Held-to-maturity debt securities</u>						
Private sector debt securities	-	-	1,275	0.64	(1,275)	(100.00)
<u>Less</u> Allowance for impairment	-	-	(1,275)	(0.64)	1,275	100.00
Total held-to-maturity debt securities	0	0.00	0	0.00	0	0.00
<u>General investments</u>						
Domestic non-marketable equity securities						
<u>Less</u> Allowance for impairment	70,533	39.00	70,533	35.55	0	0.00
Total general investments	(53,752)	(29.72)	(53,752)	(27.09)	0	0.00
Investments, net	16,781	9.28	16,781	8.46	0	0.00

The movements of investments for the year 2019 are shown as below;

(Unit: Thousand Baht)		
	December 31, 2018	December 31, 2017
Net book value-beginning balance of the year	198,409	347,522
Additions	0	0
Disposals / Redemptions	(15,001)	(143,802)
Amortisations of discount on investments in debentures	(769)	(881)
Change in fair value of available-for-sale securities	(1,771)	(4,430)
Net book value-ending balance of the year	180,868	198,409

Overall, the Company's net investment was Baht 180.87 million which decreased by Baht 17.54 million or 8.84% . The decrease in investments was mainly due to the sale of investments, the maturity of investments and the change in fair value of investments. The details are described as below;

(1) Investment in government and state enterprise securities amounted to Baht 81.54 million or 45.08% of total investments decreased by Baht 1.54 million or 1.85% compared with the year 2018.

(2) Investment in private debt securities amounted to Baht 82.38 million or 45.55% of total investments decreased by Baht 16 million or 16.26% compared with the year 2018.

(3) Investment in equity instruments and units of investment in domestic market demand amounted to Baht 0.17 million or 0.09% of total investments decreased by Baht 0.01 million or 0.03% compared with the year 2018.

(4) The value of investment decreased by Baht 1.77 million from 2018 due to a decrease in market value of investment.

Loans to customers and accrued interest receivables, net

Net loans to customers and accrued interest receivables increased from Baht 17,311.98 million at the year ended 2018 to Baht 18,295.57 million at the year ended 2019 or increased by Baht 983.58 million. The details are as follows:

	(Unit: Thousand Baht)			
	December 31, 2019	December 31, 2018	Change Increase (Decrease)	%
Loans to customers and accrued interest receivables, net				
Loans to customers	22,430,691	20,451,853	1,978,838	9.68
Accrued interest receivables	1,625	3,421	(1,796)	(52.50)
Loans to customers and accrued interest receivables	22,432,316	20,455,274	1,977,042	9.67
<u>Less</u> Unearned interest income	(3,428,156)	(2,283,727)	1,144,429	50.11
<u>Less</u> Allowance for doubtful accounts	(708,552)	(859,105)	(150,553)	(17.52)
<u>Less</u> Allowance for troubled debt restructuring	(40)	(458)	(418)	(91.27)
Total loans to customers and accrued interest receivables, net	18,295,568	17,311,984	983,584	5.68

The increase in net loans to customers and accrued interest receivables of Baht 983.58 million or 5.68% mainly due to:

- An increase in loans to customers net unearned interest income amounted to Baht 834.40 million due to increasing amount of vehicle-backed loans by Baht 2,171.20 million, decreasing amount of land and house-backed loans, motorcycle-backed loans, corporate loans, non-secured loans for retails and other retail loans by Baht 825.07 million, Baht 100.87 million, Baht 31.71 million, Baht 378.76 million and Baht 0.39 million, respectively due to the repayment.
- A decrease in allowance for doubtful accounts amounted to Baht 150.55 million due to the collateral value has been used as a deductible value for provision calculation during the year 2019 which in accordance with loan classification and reserve requirements by the Bank of Thailand.

Liabilities

(Unit: Thousand Baht)						
	December 31, 2019		December 31, 2018		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Deposits						
Domestic	6,348,276	30.67	7,273,917	36.97	(925,641)	(12.73)
Foreign	57	0.00	57	0.00	0	0.00
Total deposits	6,348,333	30.67	7,273,974	36.97	(925,641)	(12.73)
Debt securities issued and borrowings	2,006,000	9.69	8,506,000	43.23	(6,500,000)	(76.42)
Provisions	24,344	0.12	17,962	0.09	6,382	35.53
Deferred tax liabilities, net	0	0.00	3,424	0.02	(3,424)	(100.00)
Interest payables	44,247	0.22	44,076	0.22	171	0.39
Withholding tax payables	1,630	0.01	19,725	0.10	(18,095)	(91.74)
Tax payables	184,447	0.89	36,985	0.19	147,462	398.71
Other liabilities	2,807,927	13.57	1,258,108	6.39	1,549,819	123.19
Total liabilities	11,416,928	55.16	17,160,254	87.21	(5,743,326)	(33.47)
Total liabilities and equity	20,699,198	100.00	19,677,409	100.00	1,021,789	5.19

According to the financial statements at the end of 2019, the Company had the total liabilities of Baht 11,416.93 million which decreased from Baht 17,160.25 million at the end of 2018 or by Baht 5,743.33 million or 33.47% . Such change was mainly due to an increase in deposits, debt securities issued and borrowings, and related companies payable. Items with significant changes are as follows:

- Deposits at the end of 2019 amounted to Baht 6,348.33 million decreased from the end of 2018 by Baht 925.64 million or 12.73% because the Company received cash from the issued share.
- Debt securities issued and borrowings at the end of 2019 amounted to Baht 2,006.00 million decreased from the end of 2018 by Baht 6,500.00 million due to cash received from the issuing share to pay off some debt securities issued and borrowings to reduce interest expenses.

- Other payable at the end of 2019 amounted to Baht 2,807.93 million increased from the end of 2018 by Baht 1,549.82 million or 123.19% . Significant increase mainly caused by an increase in loan management fee payable amounted to Baht 1,502.30 million.

Equity

	(Unit: Thousand Baht)					
	December 31, 2019		December 31, 2018		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Share capital						
Authorised share capital	2,756,236	13.32	1,102,498	5.60	1,653,738	150.00
Issued and paid-up share capital	2,756,236	13.32	1,102,494	5.60	1,653,742	150.00
Share premium	4,299,729	20.77	0	0.00	4,299,729	100.00
Other components of equity	933	0.00	2,350	0.01	(1,417)	(60.30)
Retained earnings						
Appropriated-Legal reserve	163,543	0.79	123,000	0.63	40,543	32.96
Unappropriated	2,061,829	9.96	1,289,311	6.55	772,518	59.92
Total equity	9,282,270	44.84	2,517,155	12.79	6,765,115	268.76
Total liabilities and equity	20,699,198	100.00	19,677,409	100.00	1,021,789	5.19

According to the Company's financial statements, the equity as of December 31, 2019 amounted to Baht 9,282.27 million increased by Baht 6,765.12 million or 268.76% compared with amount at the end of 2018. The details are as follows:

- Registered and paid-up capital at the end of 2019 amounted to Baht 2,756.24 million which increased from 2018 by Baht 1,653.74 million. The increase caused by the issuing of ordinary shares during the year 2019.
- Remark:** In 2019, there was the reduction of the authorised share capital from the previous authorised share capital Baht 1,102.50 million to Baht 1,102.49 million by reducing the ordinary shares amounting of 646 shares at par value of Baht 5 per each and approved the increase of authorised share capital amount of Baht 1,653.75 million from the previous authorised share capital amounted of Baht 1,102.49 million to Baht 2,756.24 million by increasing 330.75 million authorised ordinary shares at par value of Baht 5 per each which were priced at Baht 18 per share. The paid-up share capital and premium on share capital totalling Baht 1,653.74 million and Baht 4,299.73 million, respectively to support the business operations of the Company.
- Other components of equity at the end of 2019 amounted to Baht 0.93 million which decreased from the end of 2018 by Baht 1.42 million. The decrease was mainly due to a decrease in the value of

available-for-sale securities both from the sales of investments and the decrease in fair value of available-for-sale investments resulted from a decline in the market value of investments.

- Unappropriated retained earnings at the end of 2019 amounted to Baht 2,061.83 million which increased from the end of 2018 by Baht 772.52 million. Such changes were from the Company's net profit for the year 2019 amounted to Baht 810.86 million, the gains from Remeasurement of post-employment benefit obligations amounted to Baht 2.20 million net with the increase in legal reserve which causes the decrease in unappropriated retained earnings at the end of the year 2019 by Baht 40.54 million.

Quality of assets, Liquidity, Reserves, and Capital Fund Requirements

Loans to customers

A. Component of loans to customers as classified by type of business

	December 31, 2019		December 31, 2018		(Unit: Thousand Baht)	
	Amount	%	Amount	%	Increase (Decrease)	%
Manufacturing and Commerce	69,637	0.37	77,018	0.42	(7,381)	(9.58)
Real estate and construction	4,016	0.02	23,539	0.13	(19,523)	(82.94)
Public utilities and services	160,971	0.85	165,783	0.91	(4,812)	(2.90)
Others						
Non-secured loans for retails	369,294	1.94	748,438	4.12	(379,144)	(50.66)
Secured loans for retails						
Vehicle-backed Loan	11,595,469	61.02	9,424,268	51.88	2,171,201	23.04
Motorcycle-backed Loan	705	0.00	101,574	0.56	(100,869)	(99.31)
Land and House-backed Loan	6,802,443	35.80	7,627,506	41.98	(825,063)	(10.82)
Total loans to customers net of unearned interest income	19,002,535	100.00	18,168,126	100.00	834,409	4.59

The loans to customers, net of unearned interest income as of December 31, 2019 increased from Baht 18,168.13 million at the end of 2018 to Baht 19,002.53 million at the end of 2019 or increased by Baht 834.41 million. Such change was resulted from the growth of secured loans for retails which its loan outstanding increased by Baht 2,171.20 million for vehicle-backed loans, decreased by Baht 100.87 million for motorcycle-backed loans and decreased by Baht 825.07 million for land and house-backed loans, compared with loan portfolio as of December 31, 2018. For the year 2019, the Company did not grant new loan on corporate loans and non-secured loans for retails. Therefore, outstanding balance of corporate loans, non-secured loans for retails and other retail loans decreased by Baht 31.72 million, Baht 378.76 million and Baht 0.39 million, respectively.

Loans to customers and accrued interest receivables	December 31, 2019		December 31, 2018	
	Thousand Baht	%	Thousand Baht	%
Normal	14,233,982	74.90	14,763,838	81.25
Special mention	3,713,416	19.54	2,719,863	14.97
Sub-standard	605,833	3.19	392,183	2.16
Doubtful	171,659	0.90	72,883	0.40
Doubtful of loss	279,269	1.47	222,780	1.22
Total	19,004,159	100.00	18,171,547	100.00
Less Allowance for doubtful accounts	(708,552)	(3.73)	(859,105)	(4.73)
Loans to customers and accrued interest receivables, net	18,295,607	96.27	14,763,838	95.27

As of December 31, 2019, the Company has loan receivables classified as normal class for 74.90% and classified as special mention for 19.54% . This can imply that 94.44% of total loan receivables was performing loan, indicating that the quality of the debtor is in a good condition.

B. Classification of Loans and Allowance for Doubtful Accounts

The Company classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Notification of the Bank of Thailand no. SorNorSor. 5/2559 “Classification criteria and reserve requirements of financial institutions dated 29 June 2016 from the ending balance of loans. The year of time that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan. The value of collateral used depends on each type of collateral. The Company categorises their loan portfolios into six categories and determines allowance for doubtful accounts subject to different levels of provisioning.

According to the Company's financial statements as at December 31, 2019, the classification of loans and allowance for doubtful accounts are as follows:

	December 31, 2019				
	Loans to customers and accrued interest receivables	Net balance used for allowance	Percent used for allowance	Minimum allowance per BOT guideline	Amount already set up by the Company
	Thousand Baht	Thousand Baht	%	Thousand Baht	Thousand Baht
Normal	14,233,983	4,545,986	1	45,460	47,744
Special mention	3,713,416	761,539	2	15,231	41,695
Sub-standard	605,833	106,669	100	106,669	106,669
Doubtful	171,659	34,679	100	34,679	34,679
Doubtful of loss	279,269	199,151	100	199,151	199,151
Total loans to customers and accrued interest receivables	19,004,160	5,648,024		401,190	429,938
Surplus reserves				0	278,614
Total				401,190	708,552

Loans and Non-Performing Loans

The Company had non-performing loans by Baht 1,056.76 million and Baht 687.85 million in 2019 and 2018, respectively. The percentage of non-performing loans to total loans to customers (including loans to financial institutions) were 5.37% at the end of year 2019 and 3.66% at the end of year 2018 which were below the target NPL ratio set by Company.

Quality of Investment in Securities

In 2019, the Company has total revenue from investment by Baht 9.90 million which decreased from year 2018 by Baht 8.59 million or 46.47%. The details are described as below:

	(Unit: Thousand Baht)			
	For the year		Change	
	2019	2018	Increase (Decrease)	%
Interest income from investment in debt securities	7,782	12,664	(4,882)	(38.55)
Net gains on investment	(1)	3,450	(3,451)	(100.03)
Dividend income	2,769	2,372	397	16.74
Total revenue from investments	10,550	18,486	(7,936)	(42.93)

- A decrease of interest income from investment in debt securities by Baht 4.88 million since the Company sold investments during the year 2018 while no investment was purchased during the year 2019.
- A decrease of net, gain on investment by 3.45 million due to the Company sold investment during the period 2019.
- An increase of dividend income by Baht 0.40 million, slightly increase due to performance of investment.

The Company will consider financial position and credit rating of the debt issuers before investing in debt securities. Moreover, the Company diversified its portfolio by investing in both government and state enterprise securities and private sector debt securities. Therefore, the Company had no problems concerning repayment of interest and principal from debt securities. For investment in equity securities, the Company will consider financial position, rate of return and liquidity before making a decision.

Liquidity of Company

As of December 31, 2019, the Company had a liquidity coverage ratio of 299.78% which was higher than the minimum requirement of 100.00% set by the Bank of Thailand.

Daily liquidity management is under the supervision of the financial management department which supervises the sources of funds, the use of funds and ensuring that the Company's liquidity is in line with the Company's risk management policy and guidelines according to the Notification of the Bank of Thailand.

Relationships between sources and uses of fund

Major sources of fund of the Company, except from fund from shareholders, are deposits and borrowings. While major uses of fund are for loans to customers and investment in securities. Sources and uses of fund as of December 31, 2019 are shown as below;

(Unit: Thousand Baht)

Period	Sources of fund					Uses of fund					Gap
	Deposits	Borrowings	Interest payables	Total	Portion	Loans and accrued interest	Investment in debt securities	REPO	Total	%	
At call	94,698	6,000	9,464	110,162	1.31	1,094,870	0	0	1,094,870	5.52	(984,708)
≤ 1 year	5,441,939	0	31,533	5,473,472	65.17	15,885,275	0	670,000	16,555,275	83.45	(11,081,803)
> 1 year	811,696	2,000,000	3,250	2,814,946	33.52	2,024,015	163,587	0	2,187,602	11.03	627,344
Total	6,348,333	2,006,000	44,247	8,398,580	100.00	19,004,160	163,587	670,000	19,837,747	100.00	(11,439,167)

The Company had short term sources of fund greater than long term sources of fund, the proportion of At call : ≤ 1 year : > 1 year is 1.31 : 65.17 : 33.52. For the uses of fund, the Company invested in short term invested assets greater than long term invested assets, the proportion of At call : ≤ 1 year : > 1 year is 5.52 : 83.45 : 11.03. These relationships between sources and uses of fund represent that

- In short term (Less than or equal to 1 year): The Company has sufficient liquid assets to pay for all short term debts.
- In long term (over than 1 year): The proportion of debts (33.52%), is greater than assets (11.03%). Such relationships will have no significant impact on Company because those long term debts are comprised of deposits amounted to Baht 811.70 million, from good-relationship-customers who always roll over deposit receipts when it due, and also comprised of loans from Parent Company amounted to Baht 2,000.00 million. In case that Company has some liquidity problem, the Company can negotiate to roll over the debt with its Parent Company.

Reserves and Capital Fund Requirements

At year ended 2019, the Company had capital ratio of 45.16% which was higher than the BOT's minimum requirement of 8.5%.

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible as the directors of the listed company in the Stock Exchange of Thailand to oversee the financial statements for year 2019 be accurate and performed in compliance with generally accepted accounting standards.

The Board of Directors has appointed the Audit Committee which comprises of three independent directors whose experience and competence are qualified in accordance with the regulations of the Stock Exchange of Thailand, to review the accuracy of the Company's financial statements and disclosure of related parties' transactions. In addition, the Audit Committee oversees the adequacy and efficiency of internal control system and oversees the Company's operation to be conformable with laws and regulations of the Company's regulators.

The Board of Directors comments that the consolidated financial statements of the Company for year 2019 ended on December 31, 2019 which were jointly reviewed by the Audit Committee, Management and independent auditor were accurately and adequately performed in compliance with generally accepted accounting standards and related laws and regulations.



(Mr. Thititham Rojanapruk)

Managing Director



(Miss DOUNGCHAI KAEWBOOTTA)

Director

SRISAWAD FINANCE PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

Independent Auditor's Report

To the shareholders of Srisawad Finance Public Company Limited

My opinion

In my opinion, the financial statements of Srisawad Finance Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to financial statements, which include a summary of significant accounting policies

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Allowance for doubtful accounts on loans to customers accounts. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>Allowance for doubtful accounts on loans to customers</i></p> <p>Refer to Note 10 to the financial statements for loans to customers and accrued interest receivables, net</p> <p>Loans to customers contributed 88% of the Company's total assets. The Company has set an allowance for doubtful accounts for loans of Baht 709 million which represented 4% of loans to customers and accrued interest in accordance with the Notification of the Bank of Thailand and with management's judgement over the ending balance of loan receivables accounts based on qualitative and quantitative factors. The methods used for estimation are described in Note 2.7 for the accounting policies and Note 4 for the estimates and assumptions.</p> <p>The Company also set an additional allowance for doubtful accounts as a part of the general provision. The general provision was considered from key financial ratios, industry risk and economic uncertainties, etc.</p> <p>I focused on this area because the allowance for doubtful accounts on loans to customers involved significant judgement and applied assumptions by management, to evaluate the collateral. The Company recognised the allowance for doubtful accounts of loans to customers consistently in accordance with the Company's accounting policy. The allowance was estimated based on the valuation of collateral, the aging of the receivables, and the type of collateral.</p>	<p>I evaluated management's judgement applied in assessment of the allowance for doubtful accounts on loans to customers by enquiring management about the method used and the assumptions made. I understood the management's process and policy for setting up allowance for doubtful accounts on loans to customers.</p> <p>I randomly selected loans to independently perform a credit analysis based on risk exposures such as type of collateral and classification of those loans. I tested accuracy of loan classification in accordance with the Bank of Thailand requirements and assessed the current financial position based on financial information, key financial ratio and impairment indicators, if any and tested accuracy of aging report for loans receivables.</p> <p>I tested the accuracy of the allowance calculation including assessing the collateral valuation performed by both internal and external valuers for appropriateness of the valuation and valuation methodologies.</p> <p>For the general provision set up from management's judgements, I tested the management's review, approval process and assessed the appropriateness of those allowances by comparing the proportion of the allowance to the loans of the Company with the industry.</p> <p>Overall, allowance for doubtful accounts on loans to customers was properly set up based on management's criteria and available evidences.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
25 February 2020

Srisawad Finance Public Company Limited
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Baht	2018 Baht
Assets			
Cash		20,000	20,000
Interbank and money market items, net	8	1,549,836,924	1,753,909,677
Investments, net	9	180,868,406	198,408,735
Loans to customers and accrued interest receivables, net	10		
Loans to customers		22,430,690,665	20,451,853,667
Accrued interest receivables		<u>1,624,923</u>	<u>3,420,846</u>
Total loans to customers and accrued interest receivables		22,432,315,588	20,455,274,513
<u>Less</u> Unearned interest income	10	(3,428,156,290)	(2,283,727,294)
<u>Less</u> Allowance for doubtful accounts	10, 12	(708,551,662)	(859,105,405)
<u>Less</u> Allowance for troubled debt restructuring	10, 13	<u>(39,565)</u>	<u>(457,812)</u>
Total loans to customers and accrued interest receivables, net		18,295,568,071	17,311,984,002
Properties foreclosed, net	14	162,146,887	91,951,986
Premises and equipment, net	15	145,837,743	152,855,849
Intangible assets, net	16	5,685,446	5,551,070
Deferred tax assets, net	20	661,069	-
Other assets, net	17	<u>358,573,765</u>	<u>162,727,415</u>
Total assets		<u><u>20,699,198,311</u></u>	<u><u>19,677,408,734</u></u>

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2019

	Notes	2019 Baht	2018 Baht
Liabilities and equity			
Liabilities			
Deposits	18.1	6,348,332,737	7,273,973,227
Debt securities issued and borrowings	18.2	2,006,000,000	8,506,000,000
Provisions	19	24,343,960	17,962,239
Deferred tax liabilities, net	20	-	3,423,864
Other liabilities	21	3,038,251,570	1,358,894,036
Total liabilities		11,416,928,267	17,160,253,366
Equity			
Share capital	22		
Authorised share capital			
551,247,243 ordinary shares			
at par value of Baht 5 each			
(2018: 220,499,543 ordinary shares			
at par value of Baht 5 each)		2,756,236,215	1,102,497,715
Issued and paid-up share capital			
551,247,241 ordinary shares			
paid-up of Baht 5 each			
(2018: 220,498,897 ordinary shares			
paid-up of Baht 5 each)		2,756,236,205	1,102,494,485
Share premium	22	4,299,728,472	-
Retained earnings			
Appropriated			
Legal reserve	23	163,542,963	123,000,000
Unappropriated		2,061,829,275	1,289,310,929
Other components of equity		933,129	2,349,954
Total equity		9,282,270,044	2,517,155,368
Total liabilities and equity		20,699,198,311	19,677,408,734

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Interest income, net	25	3,101,333,252	2,249,284,920
Interest expenses	26	(467,373,727)	(489,107,604)
Interest income, net		2,633,959,525	1,760,177,316
Fees and services income	27	213,772,963	144,516,893
Gain (loss) on investments, net	28	(656)	3,449,312
Other operating income	29	95,766,616	57,568,615
Total operating income		2,943,498,448	1,965,712,136
Other operating expenses			
Personnel expenses		341,199,558	193,743,370
Directors' remuneration		6,685,000	6,540,000
Premises and equipment expenses		56,609,264	32,248,404
Taxes and duties		137,803,448	94,790,731
Loan management fee	36 a)	1,214,546,506	922,834,809
Other expenses	30	83,546,218	46,911,232
Total other operating expenses		1,840,389,994	1,297,068,546
<u>Less</u> Bad debts and doubtful accounts		87,027,733	199,774,718
Profit from operating before income tax		1,016,080,721	468,868,872
<u>Less</u> Income tax	31	205,221,478	91,493,818
Net profit for the year		810,859,243	377,375,054

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations	19	2,752,582	-
Income tax on item that will not be reclassified subsequently to profit or loss	20	(550,516)	-
Total item that will not be reclassified subsequently to profit or loss		2,202,066	-
Item that will be reclassified subsequently to profit or loss			
Unrealised loss on changes in value of available-for-sale investments	9	(1,771,687)	(2,255,263)
Item in other comprehensive (income) expense transferred to profit or loss	9, 28	656	(2,174,753)
Income tax relating to item that will be reclassified subsequently to profit or loss	20	354,206	886,003
Total item that will be reclassified subsequently to profit or loss		(1,416,825)	(3,544,013)
Other comprehensive income for the year, net of tax		785,241	(3,544,013)
Total comprehensive income for the year		811,644,484	373,831,041
Earnings per share	32		
Basic earnings per share (Baht per share)		1.98	1.74

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Notes	Issued and paid-up share capital Baht	Share premium Baht	Retained earnings		Other components of equity Baht	Total Baht
				Appropriated - Legal reserve Baht	Unappropriated Baht		
Balance as at 1 January 2018		1,049,997,825	-	123,000,000	970,735,752	5,893,967	2,149,627,544
Changes in equity for the year							
Share dividends	22, 33	52,496,660	-	-	(52,496,660)	-	-
Cash dividends	33	-	-	-	(6,303,217)	-	(6,303,217)
Unrealised loss on changes in value of available-for-sale investments, net of tax		-	-	-	-	(1,804,211)	(1,804,211)
Item in other comprehensive income (expenses) transferred to profit or loss, net of tax		-	-	-	-	(1,739,802)	(1,739,802)
Net profit for the year		-	-	-	377,375,054	-	377,375,054
Balance as at 31 December 2018		<u>1,102,494,485</u>	<u>-</u>	<u>123,000,000</u>	<u>1,289,310,929</u>	<u>2,349,954</u>	<u>2,517,155,368</u>
Balance as at 1 January 2019		1,102,494,485	-	123,000,000	1,289,310,929	2,349,954	2,517,155,368
Changes in equity for the year							
Equity shares issued	22	1,653,741,720	4,299,728,472	-	-	-	5,953,470,192
Remeasurement of post-employment benefit obligations, net of tax	19	-	-	-	2,202,066	-	2,202,066
Unrealised gain on changes in value of available-for-sale investments, net of tax		-	-	-	-	(1,417,350)	(1,417,350)
Item in other comprehensive income (expenses) transferred to profit or loss, net of tax		-	-	-	-	525	525
Appropriate to reserve fund	23	-	-	40,542,963	(40,542,963)	-	-
Net profit for the year		-	-	-	810,859,243	-	810,859,243
Balance as at 31 December 2019		<u>2,756,236,205</u>	<u>4,299,728,472</u>	<u>163,542,963</u>	<u>2,061,829,275</u>	<u>933,129</u>	<u>9,282,270,044</u>

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Cash flows from operating activities			
Profit from operating before income tax expense		1,016,080,721	468,868,872
Adjustments to reconcile profit from operating before income tax expense to net cash provided by (used in) operating activities:			
Depreciation and amortisation	15, 16	15,361,127	6,690,808
Reversal loss on impairment of investments	28	-	(1,274,559)
(Gain) loss on disposal of investments	28	656	(2,174,753)
Diminution in value of properties foreclosed (reverse)	14	11,133,791	(39,375,249)
Amortisation of premium on investments in debentures	9.2	768,642	880,981
Bad debts and doubtful accounts		87,027,733	199,774,718
Allowance for troubled debt restructuring	13	(418,247)	(768,507)
Loss on disposal of assets		1,647,689	-
Loss from write-off of equipment	15	3,141	-
Employee benefit obligations	19	9,383,017	3,615,176
Interest income, net		(2,633,959,525)	(1,760,177,316)
Dividend income	29	(2,768,918)	(2,372,136)
Cash received from interest income		3,810,020,529	1,738,259,372
Cash paid for interest expenses		(467,202,812)	(495,966,630)
Cash paid for employee benefit obligations	19	(194,000)	-
Cash paid for corporate income tax		(62,041,153)	(65,448,270)
Profit from operating activities before changes in operating assets and liabilities		1,784,842,391	50,532,507
(Increase) decrease in operating assets			
Interbank and money market items		(70,000,000)	750,000,000
Loans to customers		(1,000,175,548)	(8,288,842,316)
Properties foreclosed	14	(81,328,692)	(46,895,095)
Other assets		(196,047,205)	(50,046,220)
Increase (decrease) in operating liabilities			
Deposits	18.1	(925,640,490)	1,206,197,248
Provision		(54,714)	(25,994,690)
Other liabilities		753,314,855	809,650,142
Net cash flows (used in) provided operating activities		264,910,597	(5,595,398,424)

The notes on pages 12 to 54 are an integral part of these financial statements.

Srisawad Finance Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Cash flows from investing activities			
Cash paid for purchase of equipment	15	(11,152,890)	(137,213,752)
Cash paid for purchase of intangible assets	16	(1,127,673)	(4,032,402)
Cash from disposal of equipment		2,152,336	-
Cash from disposal and redemptions of investments		15,000,000	147,251,528
Cash from dividend income	29	2,768,918	2,372,136
Net cash flows provided by investing activities		7,640,691	8,377,510
Cash flows from financing activities			
Cash from short-term and long-term borrowings from parent company	36 b)	500,000,000	6,000,000,000
Cash paid in short-term and long-term borrowings from parent company	36 b)	(7,000,000,000)	-
Cash received from issue of ordinary shares	22	5,953,470,192	-
Dividend paid	33	-	(6,303,220)
Net cash flow (used in) provided by financing activities		(546,529,808)	5,993,696,780
Net (decrease) increase in cash and cash equivalents		(273,978,520)	406,675,866
Cash and cash equivalents as at 1 January		1,153,709,677	747,033,811
Cash and cash equivalents as at 31 December		879,731,157	1,153,709,677
Cash and cash equivalents consist of:			
Cash		20,000	20,000
Bank deposits		879,711,157	1,153,689,677
Total cash and cash equivalents		879,731,157	1,153,709,677
Non-cash items			
Share dividends	33	-	52,496,660
Provision for decommissioning cost	15	-	4,280,980

The notes on pages 12 to 54 are an integral part of these financial statements.

1 General information

Srisawad Finance Public Company Limited (the Company) is a public limited company which listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

99/392 Srisawad Building, Floor 1, 3, 5, 6, Chaeng Watthana 10 Alley, Lane 3, Changwattana Road, Tungsonghong, Laksi, Bangkok, 10210

The principal business operation of the Company is a finance company under the supervision of the Bank of Thailand.

These financial statements were authorised for issue by the board of directors on 25 February 2020.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act, and prepared in the full format as required by the Securities and Exchange Commission and the Notification of the Bank of Thailand ("BOT"), no. SorNorSor. 22/2558 on the preparation and format of the financial statements of investment company and credit foncier company dated on 4 December 2015.

The financial statements have been prepared under the historical cost convention except available-for-sale investments.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4 to the financial statements.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Company

2.2.1 The Company has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

- a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Company will recognise revenue to depict the transfer of goods or services to customers at an amount that the Company expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

The effect from this change in accounting policy does not have significant impact to the financial statements.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

The Company has assessed new and amended financial reporting standards that are not effective for current period end 31 December 2019.

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for the Company's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the Company is exposed during the period and at the end of the reporting period, and how the Company manages those risks.

2 Accounting policies (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

a) Financial instruments (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

Classification and measurement:

- The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the Company's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
- Equity instrument financial assets shall be measured at fair value through profit or loss. The Company can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
- Financial liabilities are classified and measured at amortised cost. The Company can choose to measure a liability at fair value through profit or loss when the conditions are met.

The combined application of the Company's business model and the cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset when compared to the existing classification of financial assets in the statement of financial position as at 31 December 2019. However, the Company has identified certain instruments that will change the classification from existing classification. The major changes in classification and measurement on 1 January 2020 will consist of the following instrument:

- General investment which is currently stated at cost less allowance for impairment in value will be measured at fair value elected at inception to be fair valued in other comprehensive income.

The concept of interest recognition will be changed to recognise at effective interest rate. In which, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due which recognise interest income on cash basis. The recognition interest income on loan when its principal or interest payment has become over three months past due or stage 3 loan account under TFRS 9 will be recognise at effective interest rate of the carrying amount after impairment.

2 Accounting policies (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

a) Financial instruments (Cont'd)

Impairment of financial assets

The impairment requirements relating to the accounting for the Company's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Company always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. In which the a three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

For trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components, they are permitted to measure by simplified approach for credit impaired consideration.

As a consequence, the method of impairment loss calculation will be changed from calculation in accordance to the existing BOT's guideline to calculation by the Company's impairment model with taking effect of forward looking adjustment.

2 Accounting policies (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

a) Financial instruments (Cont'd)

Transitional impact

On 1 January 2020, the Company will apply the financial reporting standards in its financial statements by applying full retrospective approach for changing interest recognition to effective interest rate from beginning of the contract. For other items, the Company will apply modified retrospective approach. From the preliminary assessment, management expect that the major adjustment of opening balance of retained earnings will be affected on the following items:

- Change in balance of general investment which is currently stated at cost less allowance for impairment, will be measured at fair value. The change in fair value and gains (losses) from sale will be recognised to other comprehensive income.
- Change in calculation of allowance for impairment of financial assets under the new standard requirement

The Company's management is currently assessing the impacts from above revised standards to the Company.

b) TFRS 16, Leases

TFRS 16 will result in almost all leases where the Company is a lessee being recognised on the statement of financial position as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company will apply TFRS 16, leases and recognised in accordance with the obligations and discounting to present values with incremental borrowing rates of the lessees and right-of-use assets are recognised equal to the present value of liabilities under the lease agreements. From the preliminary impact assessment, the management expect that the Company will be affected by significant lease liabilities on rental lease agreement, previously classified as operating leases under TAS 17, Leases.

The Company's management is currently assessing the impacts from above revised standards to the Company.

c) Other new/amended standards

The new and amended financial reporting standards that will have impact on the Company are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 23	Borrowing cost
TFRS 3	Business combinations
TFRS 9	Financial instruments
TFRIC 23	Uncertainty over income tax treatments

2 Accounting policies (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

c) Other new/amended standards (Cont'd)

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 23, Borrowing costs - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Amendment to TFRS 3, Business combinations - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The previously held interest is therefore re-measured.

Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation) - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company's management is currently assessing the impacts from above revised standards to the Company.

2.3 Cash

Cash includes cash on hand according to the Notification of the Bank of Thailand.

2 Accounting policies (Cont'd)

2.4 Securities purchased under resale agreements

Securities purchased under agreements are to resell securities at certain dates in the future at a fixed price. Amounts paid for securities purchased subject to a commitment to be resold at a future date are presented as assets under the caption of interbank and money market items or loans to customer depending on the counterparty. These receivables are shown as collateralised by the underlying security.

2.5 Investments

Investments other than investments in subsidiaries, associates and joint ventures are initially recognised at fair value of consideration paid plus direct transaction cost.

Available-for-sale investments

Available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

General investments

General investments are carried at cost less impairment.

Disposal of investments

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Company disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method on carrying amount of the total holding of the investment.

2.6 Loans to customers

Secured personal loan

Personal loan receivable would initially be recognised at an amount equal to the net investment in the contract. Subsequently, they are stated at net realisable value from the contract value net unearned interest income and allowance for doubtful accounts.

Unsecured personal loan and commercial loan

Personal loan receivable would initially be recognised at an amount equal to the investment in the contract. Subsequently, they are stated at the net principle balance, including accrued interest receivable and allowance for doubtful accounts.

2 Accounting policies (Cont'd)

2.7 Allowance for doubtful accounts

The Company classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Notification of the Bank of Thailand no. SorNorSor. 5/2559 "Classification criteria and reserve requirements of financial institutions" dated 29 June 2016 from the ending balance of loans. The year of time that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan. The value of collateral used depends on each type of collateral. The Company categorises their loan portfolios into six categories and determines allowance for doubtful accounts subject to different levels of provisioning.

For increase or decrease in allowance for doubtful accounts, the Company recorded as an expense or decrease in expenses during the accounting period.

Bad debts written-off during the year are recognised as expenses in profit or loss and bad debts recovery are recognised as other operating income in profit or loss after settlements.

2.8 Troubled debt restructuring

The Company recognises troubled debt restructuring and related losses arising from debt restructuring in accordance with the Notification of the Bank of Thailand.

In cases where the debt restructuring involves modifications to terms of receivables as accepted by the Company, the fair value of investments in receivables after restructuring is based on the net present value of expected future cash flows discounted using the Minimum Lending Rates (MLR) at the restructuring date.

The Company recognises losses arising from debt restructuring by the waiver of loan principal or recorded accrued interest receivables, less recorded allowance, in the statement of comprehensive income when incurred.

The Company recalculates the fair value of restructured debts based on the aforementioned discount interest rate as of the end date of the financial statements and adjust the valuation on debt restructured for any change, in accordance with the Notification of the Bank of Thailand. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Legal fees and other direct costs incurred as a result of the debt restructuring are expensed when incurred.

2.9 Properties foreclosed

Properties foreclosed consisting of immovable and movable assets are stated at the lower of cost or fair value value less estimated selling expenses of the acquisition assets. Where the carrying value of properties foreclosed incurred impairment, the Company will recognise the provision for diminution in value of properties foreclosed in total.

The Company will recognise gain (loss) on sales of properties foreclosed as income or expenses in the whole amount in the Statement of Comprehensive Income.

2 Accounting policies (Cont'd)

2.10 Premises and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company, capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost and the revalued amount to their residual values over their estimated useful lives, as follows:

Land	Not depreciated
Premises and building improvement	20 years
Equipment	3 - 5 years
Furniture and fixtures	5 years
Vehicles	5 - 10 years
Building improvement	18 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Intangible assets

Computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 5 years.

The assets with limited life are subsequently carried and cost less accumulated amortisation and impairment losses. The amortisation is calculated using the straight-line method over their estimated useful lives, as follows:

Computer software	5 years
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Cost associated with maintaining computer software are recognised as an expense as incurred.

Research and development / Internally generated intangible asset

Research expenditure is recognised as an expense as incurred.

2 Accounting policies (Cont'd)

2.11 Intangible assets (Cont'd)

Development expenditure is recognised as an asset when the Company can demonstrate all of the following:

- the expenditure attributable to its development can be measured reliably;
- the Company can demonstrate that it is technically, financially, commercially, and resourcefully feasible; and
- the Company intends to and has the ability to complete the development for the purpose of using or selling.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are amortised when the asset is ready to use or sell by applying a straight-line method over the period of its expected benefit, not exceeding 5 years.

2.12 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.13 Leases

Leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.14 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

2 Accounting policies (Cont'd)

2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Accounting policies (Cont'd)

2.16 Employee benefits

a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care - revise as appropriate that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Defined contribution plan

The Company pays contributions to a separate fund on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

c) Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are [included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

2.17 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Accounting policies (Cont'd)

2.18 Revenues recognition

(a) Interest and discounts on loans

Interest income on loans is recognised over the term of the loan based on the amount of principal outstanding. The Company ceases recognising interest income on an accrual basis for loans for which principal or interest payments are over 3 months past due. The interest income previously recognised is reversed and interest henceforth recognised on a cash basis, in accordance with the Notifications of the Bank of Thailand.

Interest income on restructured loans of the Company is recognised on the same accrual basis as used for loans described above. However, for loans that are subject to monitoring for compliance with restructuring conditions, the Company recognises interest income on a cash basis until the borrower is able to comply with the restructured conditions for a year of not less than three months or three installments, whichever is longer.

(b) Interest and dividends on investments in securities

Interest on investments is recognised as income on an accrual basis based on the effective interest rate.

Dividends from investments in securities are recognised as income when the entitlement to receive the dividends arises.

(c) Gains (losses) on trading in securities

Gains (losses) on trading in securities are recognised as income or expense on the transaction dates.

(d) Fees and services income

The Company recognises fees and services income when services have been rendered.

2.19 Recognition of expenses

The Company recognises expenses on an accrual basis.

2.20 Earnings per share

The Company computes basic earnings per share by dividing the net profit for the year by the weighted-average number of issued and paid-up ordinary shares during the year.

2.21 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors that makes strategic decisions.

3 Financial risks management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including fair value risk resulting from change in interest rate, cash flow risk resulting from change in interest rate, and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the fluctuation of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, and credit risk that is described in Note 35 to the financial statements.

3.1.1 Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Derivative counterparties and deposits are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

3.1.2 Liquidity risk

The Company manages sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

3.2 Fair value estimation

The approximate fair values of financial assets and liabilities with a maturity of less than one year is close to net book value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future cash flows that available to the Company for similar financial instruments at the current market interest rate which is disclosed in Note 7 to the financial statements.

4 Estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Allowance for doubtful accounts on loans to customers

The Company classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Notification of the Bank of Thailand and with the management's estimation over the allowance for doubtful accounts from the outstanding balance of loans at the year end date. The year of time that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan.

4 Estimates and assumptions (Cont'd)

(a) Allowance for doubtful accounts on loans to customers (Cont'd)

The collateral value used in calculating the required allowance for doubtful accounts is based on the type of collateral. Revaluation is performed every 3 years in accordance to the Notification of the Bank of Thailand. The Company provided the allowance for doubtful accounts on substandard, doubtful and doubtful loss at the rate of 100% of the difference between the carrying amount and net present value of estimated future cash flows to be received from debtors or from sales of collateral. Discount rate and holding years used is in compliance with the Bank of Thailand's guideline.

(b) Allowance for impairment of properties foreclosed

The Company assesses allowance for impairment of properties foreclosed by taking into consideration the type and nature of assets based on historical losses on sale of properties foreclosed. When net realised value falls below the book value, the management uses judgement to estimate top up allowance for impairment of properties foreclosed.

Fair value of properties foreclosed-immovable assets is calculated from the appraisal value, appraised by an external independent appraiser, less estimated selling expenses, and the appraisal value is discounted according to the holding year.

(c) Post-employment benefits under defined benefit plans

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Company considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Key financial assumptions for post-employment benefit were disclosed in Note 19 to the financial statements.

(d) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Management need to determine the amount of deferred tax assets that the Company can be recognised, based upon the likely timing and level of estimate future taxable profits.

5 Capital risk management

The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Moreover, the Company is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 24 to the financial statements.

6 Segment information

The Company operates only one segment which is a finance company and only in Thailand. Income and expenses from this segment are the same amount with the statement of comprehensive income. Therefore, the Company did not separately present segment information.

7 Fair value

7.1 Fair value estimation

The following table presents the financial assets and liabilities that are measured at fair value as at 31 December 2019 and 2018, excluding where its fair value is approximating the carrying amount.

	2019			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Financial assets				
Available-for-sale investments (Note 9)	-	164,087,292	-	164,087,292
Total financial assets	-	164,087,292	-	164,087,292
2018				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Financial assets				
Available-for-sale investments (Note 9)	-	181,627,621	-	181,627,621
Total financial assets	-	181,627,621	-	181,627,621

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the current bid price or closing price by reference to the Stock Exchange of Thailand or the Thai Bond Dealing Centre.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

Transfer between fair value hierarchy

There were no transfers between Levels 1 and 2 during the year and no changes in valuation techniques during the year.

8 Interbank and money market items, net

	2019			2018		
	On demand Baht	Term Baht	Total Baht	On demand Baht	Term Baht	Total Baht
Domestic						
The Bank of Thailand	100,759,817	-	100,759,817	452,576,259	-	452,576,259
Commercial Banks	763,476,027	-	763,476,027	676,915,383	-	676,915,383
Special purpose financial institutions	15,475,313	670,000,000	685,475,313	24,198,035	600,000,000	624,198,035
Total	879,711,157	670,000,000	1,549,711,157	1,153,689,677	600,000,000	1,753,689,677
<u>Add</u> Accrued interest receivables	-	125,767	125,767	82,548	137,452	220,000
Total domestic items	879,711,157	670,125,767	1,549,836,924	1,153,772,225	600,137,452	1,753,909,677

9 Investments, net

	2019 Baht	2018 Baht
Available-for-sale securities	164,087,292	181,627,621
General investments	16,781,114	16,781,114
Total investments, net	180,868,406	198,408,735

9.1 Classified by type of investments in securities

Available-for-sale securities

	2019		2018	
	Cost/ amortised cost Baht	Fair value Baht	Cost/ amortised cost Baht	Fair value Baht
Government and state enterprise securities	80,431,164	81,537,933	81,062,549	83,075,810
Private sector debt securities	81,989,717	82,382,674	97,127,630	98,380,161
Domestic marketable equity securities and unit trusts	500,000	166,685	500,000	171,650
<u>Add</u> Allowance for revaluation	1,166,411	-	2,937,442	-
Total available-for-sale securities	164,087,292	164,087,292	181,627,621	181,627,621

9 Investments, net (Cont'd)

9.1 Classified by type of investments in securities (Cont'd)

General investments

	2019	2018
	Cost/ amortised cost Baht	Cost/ amortised cost Baht
Domestic non-marketable equity securities	16,781,114	16,781,114
Total general investments	16,781,114	16,781,114

9.2 Movement of investments

Available-for-sale securities

	2019	2018
	Baht	Baht
Net book value-beginning balance of the year	181,627,621	330,740,834
Disposals / Redemptions	(15,000,656)	(143,802,216)
Amortisations of premium on investments in debentures	(768,642)	(880,981)
Change in fair value of available-for-sale securities	(1,771,031)	(4,430,016)
Net book value-ending balance of the year	164,087,292	181,627,621

General investments

	2019	2018
	Baht	Baht
Net book value-beginning balance of the year	16,781,114	16,781,114
Net book value-ending balance of the year	16,781,114	16,781,114

9.3 Unrealised gain on change in value of available-for-sale investments recognised into equity through other comprehensive income

	2019	2018
	Baht	Baht
Beginning balance of the year	2,937,442	7,367,458
Changes in securities values during the year	(1,771,031)	(4,430,016)
Ending balance of the year	1,166,411	2,937,442

10 Loans to customers and accrued interest receivables, net

10.1 Classified by product

	2019 Baht	2018 Baht
Loans to customers	22,430,690,665	20,451,853,667
<u>Less</u> Unearned interest income	<u>(3,428,156,290)</u>	<u>(2,283,727,294)</u>
Total loans to customers, net unearned interest income	19,002,534,375	18,168,126,373
<u>Add</u> Accrued interest receivables	<u>1,624,923</u>	<u>3,420,846</u>
Total loans to customers and accrued interest receivables	19,004,159,298	18,171,547,219
<u>Less</u> Allowance for doubtful accounts (Note 12)		
1. Minimum allowance per BOT guideline		
- Individual Approach	(401,189,776)	(483,774,356)
2. Surplus reserve	(307,361,886)	(375,331,049)
<u>Less</u> Allowance for troubled debt restructuring (Note 13)	<u>(39,565)</u>	<u>(457,812)</u>
Total loans to customers and accrued interest receivables, net	<u>18,295,568,071</u>	<u>17,311,984,002</u>

10.2 Classified by currency and residence of customers

	2019 Baht	2018 Baht
Domestic		
Baht	<u>19,002,534,375</u>	<u>18,168,126,373</u>
Total loans to customers (excluding accrued interest receivables)	<u>19,002,534,375</u>	<u>18,168,126,373</u>

10.3 Classified by remaining year of contracts

	2019 Baht	2018 Baht
At call	1,094,866,172	699,013,918
Not over 1 year	15,883,653,878	15,531,974,419
Over 1 year	<u>2,024,014,325</u>	<u>1,937,138,036</u>
Total loans to customers (excluding accrued interest receivables)	<u>19,002,534,375</u>	<u>18,168,126,373</u>

10 Loans to customers and accrued interest receivables, net (Cont'd)

10.4 Classified by business type and loan classification

	2019					Total Baht
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Doubtful of loss Baht	
Manufacturing and commerce	2,206,887	-	-	-	67,429,573	69,636,460
Real estate and construction	4,016,300	-	-	-	-	4,016,300
Public utilities and services	8,134,288	-	17,307,452	-	135,529,287	160,971,027
Others	14,218,194,080	3,713,222,082	588,525,646	171,658,829	76,309,951	18,767,910,588
Total loans to customers	14,232,551,555	3,713,222,082	605,833,098	171,658,829	279,268,811	19,002,534,375
Accrued interest receivables	1,430,971	193,952	-	-	-	1,624,923
Total	14,233,982,526	3,713,416,034	605,833,098	171,658,829	279,268,811	19,004,159,298

	2018					Total Baht
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Doubtful of loss Baht	
Manufacturing and commerce	9,587,947	-	-	9,276,974	58,152,598	77,017,519
Real estate and construction	3,539,350	-	-	-	20,000,000	23,539,350
Public utilities and services	30,253,251	-	-	-	135,529,287	165,782,538
Others	14,717,233,081	2,719,666,342	392,183,603	63,605,688	9,098,252	17,901,786,966
Total loans to customers	14,760,613,629	2,719,666,342	392,183,603	72,882,662	222,780,137	18,168,126,373
Accrued interest receivables	3,224,190	196,656	-	-	-	3,420,846
Total	14,763,837,819	2,719,862,998	392,183,603	72,882,662	222,780,137	18,171,547,219

10.5 Classified by loan classification

	2019				
	Loans to customers and accrued interest receivables Baht	Net balance used for allowance Baht	Percent used for allowance %	Allowance for doubtful accounts Minimum allowance per BOT guideline Baht	Amount already set up by the Company Baht
Normal	14,233,982,526	4,545,986,003	1	45,459,860	47,743,678
Special mention	3,713,416,034	761,538,612	2	15,230,772	41,694,936
Sub-standard	605,833,098	106,668,940	100	106,668,940	106,668,940
Doubtful	171,658,829	34,678,776	100	34,678,776	34,678,776
Doubtful of loss	279,268,811	199,151,428	100	199,151,428	199,151,428
Total loans to customers and accrued interest receivables	19,004,159,298	5,648,023,759		401,189,776	429,937,758
Surplus reserves					278,613,904
Total					708,551,662

	2018				
	Loans to customers and accrued interest receivables Baht	Net balance used for allowance Baht	Percent used for allowance %	Allowance for doubtful accounts Minimum allowance per BOT guideline Baht	Amount already set up by the Company Baht
Normal	14,763,837,819	8,844,793,027	1	88,447,930	97,939,997
Special mention	2,719,862,998	1,135,860,049	2	22,717,201	48,562,264
Sub-standard	392,183,603	165,870,884	100	165,870,884	187,931,691
Doubtful	72,882,662	35,395,964	100	35,395,964	72,882,662
Doubtful of loss	222,780,137	171,342,377	100	171,342,377	176,593,046
Total loans to customers and accrued interest receivables	18,171,547,219	10,353,262,301		483,774,356	583,909,660
Surplus reserves					275,195,745
Total					859,105,405

10 Loans to customers and accrued interest receivables, net (Cont'd)

10.6 Non-performing loans to customers

	2019 Baht	2018 Baht
Non-performing loans to customers (excluding accrued interest receivable)	1,056,760,738	687,846,402
Percentage of non-performing loans to customers to total loans to customers (including loans to the financial institutions)	5.37	3.66
Non-performing loans to customers net of allowance for doubtful accounts (excluding accrued interest receivable)	716,759,302	315,734,885
Percentage of non-performing loans to customers net of allowance for doubtful accounts to total loans to customers net of allowance for doubtful accounts (including loans to the financial institutions)	3.71	1.74
Loans to customers and accrued interest receivables from which recognition of income has been discontinued on the accrual basis are as follows:		

	2019 Baht	2018 Baht
Non-performing loans to customers	1,056,760,738	687,846,402
Total	<u>1,056,760,738</u>	<u>687,846,402</u>

11 Troubled debt restructuring

During the years ended 31 December 2019 and 2018, the Company did not make additional debt restructuring agreement.

Details of customers whose debts have been restructured as at 31 December 2019 and 2018 compared with the total customers are as follows:

	2019		2018	
	Number of debtors	Outstanding balance before restructuring Baht	Number of debtors	Outstanding balance before restructuring Baht
Restructured debts	1	95,000,000	1	95,000,000
Total customers	202,176	19,650,497,713	171,676	18,168,126,373

11 Troubled debt restructuring (Cont'd)

The debts restructured referred to above can be classified by the terms of repayment under the restructuring agreements as follows:

Year of debts restructuring contracts	2019			2018		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Baht	After restructuring Baht		Before restructuring Baht	After restructuring Baht
Not over than 1 month	-	-	-	-	-	-
More than 1 month - 3 months	-	-	-	-	-	-
More than 3 months - 6 months	-	-	-	-	-	-
More than 6 months - 12 months	-	-	-	-	-	-
More than 12 months	1	95,000,000	2,206,887	1	95,000,000	9,587,946
Total	1	95,000,000	2,206,887	1	95,000,000	9,587,946

Supplemental information relating to the restructured debts for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Interest income	694	1,313

12 Allowance for doubtful accounts

	2019						
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Doubtful of loss Baht	Surplus reserves Baht	Total Baht
At 1 January 2019	97,939,997	48,562,264	187,931,691	72,882,662	176,593,046	275,195,745	859,105,405
Add Doubtful accounts (reversal)	(50,196,319)	(6,867,328)	(81,262,751)	(38,203,886)	22,558,382	3,418,159	(150,553,743)
At 31 December 2019	47,743,678	41,694,936	106,668,940	34,678,776	199,151,428	278,613,904	708,551,662
	2018						
	Normal Baht	Special mention Baht	Sub- standard Baht	Doubtful Baht	Doubtful of loss Baht	Surplus reserves Baht	Total Baht
At 1 January 2018	88,907,631	131,329,503	42,788,737	-	167,352,031	230,391,216	660,769,118
Add Doubtful accounts (reversal)	9,032,366	(82,767,239)	145,142,954	72,882,662	9,241,015	44,804,529	198,336,287
At 31 December 2018	97,939,997	48,562,264	187,931,691	72,882,662	176,593,046	275,195,745	859,105,405

13 Allowance for troubled debt restructuring

	2019 Baht	2018 Baht
Beginning balance of the year	457,812	1,226,319
Decrease during the year	(418,247)	(768,507)
Ending balance of the year	39,565	457,812

14 Properties foreclosed, net

	2019 Baht	2018 Baht
Properties foreclosed	184,729,924	103,401,232
<u>Less</u> Provision for diminution in value	<u>(22,583,037)</u>	<u>(11,449,246)</u>
Properties foreclosed, net	<u>162,146,887</u>	<u>91,951,986</u>

Movements of properties foreclosed are as follows:

	2019 Baht	2018 Baht
Beginning balance of the year	103,401,232	56,506,137
Additions during the year	177,637,567	106,401,190
Disposals during the year	<u>(96,308,875)</u>	<u>(59,506,095)</u>
Ending balance of the year	184,729,924	103,401,232
<u>Less</u> Provision for diminution in value	<u>(22,583,037)</u>	<u>(11,449,246)</u>
Properties foreclosed, net	<u>162,146,887</u>	<u>91,951,986</u>

15 Premises and equipment, net

	Land Baht	Building and improvement Baht	Equipment Baht	Vehicles Baht	Work in process Baht	Total Baht
At 1 January 2018						
Cost	1,548,000	2,231,040	29,952,476	11,114,890	-	44,846,406
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(2,231,039)</u>	<u>(22,965,099)</u>	<u>(2,372,035)</u>	<u>-</u>	<u>(27,568,173)</u>
Closing net book value	<u>1,548,000</u>	<u>1</u>	<u>6,987,377</u>	<u>8,742,855</u>	<u>-</u>	<u>17,278,233</u>
For the year ended 31 December 2018						
Opening net book value	1,548,000	1	6,987,377	8,742,855	-	17,278,233
Additions	-	1,788,278	15,954,524	9,500,000	109,970,950	137,213,752
Increase from decommissioning cost	-	4,280,980	-	-	-	4,280,980
Transfer in (out)	-	109,970,950	-	-	(109,970,950)	-
Depreciation charge	<u>-</u>	<u>(406,736)</u>	<u>(4,031,786)</u>	<u>(1,478,594)</u>	<u>-</u>	<u>(5,917,116)</u>
Closing net book value	<u>1,548,000</u>	<u>115,633,473</u>	<u>18,910,115</u>	<u>16,764,261</u>	<u>-</u>	<u>152,855,849</u>
At 31 December 2018						
Cost	1,548,000	118,271,248	45,907,000	20,614,890	-	186,341,138
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(2,637,775)</u>	<u>(26,996,885)</u>	<u>(3,850,629)</u>	<u>-</u>	<u>(33,485,289)</u>
Closing net book value	<u>1,548,000</u>	<u>115,633,473</u>	<u>18,910,115</u>	<u>16,764,261</u>	<u>-</u>	<u>152,855,849</u>

15 Premises and equipment, net (Cont'd)

	Land Baht	Building and building improvement Baht	Equipment Baht	Vehicles Baht	Work in process Baht	Total Baht
For the year ended 31 December 2019						
Opening net book value	1,548,000	115,633,473	18,910,115	16,764,261	-	152,855,849
Additions	-	2,658,803	5,444,087	3,050,000	-	11,152,890
Disposals, net	-	-	(25)	(3,800,000)	-	(3,800,025)
Write-off	-	-	(3,141)	-	-	(3,141)
Depreciation charge	-	(6,883,804)	(5,471,250)	(2,012,776)	-	(14,367,830)
Closing net book value	1,548,000	111,408,472	18,879,786	14,001,485	-	145,837,743
At 31 December 2019						
Cost	1,548,000	120,703,129	38,367,902	17,281,400	-	177,900,431
<u>Less</u> Accumulated depreciation	-	(9,294,657)	(19,488,116)	(3,279,915)	-	(32,062,688)
Closing net book value	1,548,000	111,408,472	18,879,786	14,001,485	-	145,837,743

16 Intangible assets, net

	Computer software Baht	Work in process Baht	Total Baht
At 1 January 2018			
Cost	4,355,234	-	4,355,234
<u>Less</u> Accumulated amortisation	(2,062,874)	-	(2,062,874)
Net book value	2,292,360	-	2,292,360
For the year ended 31 December 2018			
Opening net book value	2,292,360	-	2,292,360
Additions	1,892,402	2,140,000	4,032,402
Amortisation charge	(773,692)	-	(773,692)
Closing net book value	3,411,070	2,140,000	5,551,070
At 31 December 2018			
Cost	6,247,636	2,140,000	8,387,636
<u>Less</u> Accumulated amortisation	(2,836,566)	-	(2,836,566)
Net book value	3,411,070	2,140,000	5,551,070
For the year ended 31 December 2019			
Opening net book value	3,411,070	2,140,000	5,551,070
Additions	271,673	856,000	1,127,673
Amortisation charge	(993,297)	-	(993,297)
Closing net book value	2,689,446	2,996,000	5,685,446
At 31 December 2019			
Cost	6,519,309	2,996,000	9,515,309
<u>Less</u> Accumulated amortisation	(3,829,863)	-	(3,829,863)
Net book value	2,689,446	2,996,000	5,685,446

17 Other assets, net

	2019 Baht	2018 Baht
Accrued interest income from investments	1,798,352	1,999,207
Deposits to related party	2,493,516	2,493,516
Prepaid expenses	4,166,640	1,867,485
Other receivables	37,932,563	37,932,563
<u>Less</u> Allowance for doubtful accounts	(37,932,563)	(37,932,563)
Receivables from related parties	329,464,371	148,474,769
Others	20,650,886	7,892,438
Total other assets, net	<u>358,573,765</u>	<u>162,727,415</u>

18 Deposits and debt securities issued and borrowings

18.1 Deposits

Classified by type of deposits

	2019 Baht	2018 Baht
At call	94,698,120	404,425,223
At maturity	6,253,634,617	6,869,548,004
Total deposits	<u>6,348,332,737</u>	<u>7,273,973,227</u>

Classified by currency and residence of customers

	2019 Baht	2018 Baht
Domestic		
Baht	6,348,275,754	7,273,916,489
Foreign		
Baht	56,983	56,738
Total deposits	<u>6,348,332,737</u>	<u>7,273,973,227</u>

18.2 Debt securities issued and borrowings

Classified by type of debt securities issued and borrowings

	2019 Baht	2018 Baht
At call	6,000,000	6,000,000
At maturity	2,000,000,000	8,500,000,000
Total debt securities issued and borrowings	<u>2,006,000,000</u>	<u>8,506,000,000</u>

18 Deposits and debt securities issued and borrowings (Cont'd)

18.2 Debt securities issued and borrowings (Cont'd)

Classified by currency and residence of customers

	2019 Baht	2018 Baht
Domestic		
Baht	2,006,000,000	8,506,000,000
Total debt securities issued and borrowings	<u>2,006,000,000</u>	<u>8,506,000,000</u>

At 31 December 2019, the Company has long-term borrowings from the parent company amount of Baht 2,000,000,000 (31 December 2018 : Baht 8,500,000,000) with interest rate 4.50% - 5.25% per annum which would be matured starting from June 2021. (Note 36 b))

The Company has the undrawn committed borrowing facilities from the financial institution amount of Baht 200,000,000 (31 December 2018: Baht 200,000,000).

19 Provisions

	2019 Baht	2018 Baht
Provisions for employee benefit obligations	20,034,085	13,597,650
Provision for decommissioning costs	4,309,875	4,364,589
Total provisions	<u>24,343,960</u>	<u>17,962,239</u>

Provisions for employee benefit obligations

The Company has post-employment benefits plan under the Thai Labor Protection Act, which is considered as unfunded defined benefit plans.

Amounts recognised in the statement of comprehensive income in respect of the defined benefit plans for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Current service cost	3,682,290	3,285,418
Past service cost	5,218,913	-
Interest cost	481,814	329,758
Total	<u>9,383,017</u>	<u>3,615,176</u>

19 Provisions (Cont'd)

Provisions for employee benefit obligations (Cont'd)

Movements of the defined benefit obligation are as follows:

	2019 Baht	2018 Baht
Beginning defined benefit obligation	13,597,650	10,748,574
Current service cost	3,682,290	3,285,418
Past service cost	5,218,913	-
Interest cost	481,814	329,758
Remeasurements of defined benefit obligation	(2,752,582)	-
Benefits paid	(194,000)	(766,100)
Ending defined benefit obligation	<u>20,034,085</u>	<u>13,597,650</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at 31 December 2019 and 2018 are as follows:

	2019	2018
Financial assumptions		
Discount rate	1.98%	3.19%
Expected rate of salary increase	5.00%	5.50%
Turnover rate	4.00% - 15.00%	4.00% - 15.00%
Retirement age	60 years	60 years

Sensitivity analysis on key assumption changes are as follows:

	2019 Percentage	2018 Percentage
Discount rate -1.0%	18.48	14.78
Discount rate +1.0%	(15.01)	(12.41)
Expected rate of salary increase -1.0%	(14.38)	(11.93)
Expected rate of salary increase +1.0%	17.20	13.84
Mortality rate -1.0%	0.54	0.53
Mortality rate +1.0%	(0.60)	(0.59)
Turnover rate -10.0%	10.56	7.23
Turnover rate +10.0%	(9.26)	(6.55)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the post-employment benefits liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis do not change compared to the previous year.

19 Provisions (Cont'd)

Maturity profile of defined benefit obligation

	2019 Baht	2018 Baht
Maturity duration of the post-employment benefits (years)	18	18
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 12 months	-	-
Benefits expected to be paid between 1 - 3 years	2,381,673	749,594
Benefits expected to be paid between 3 - 5 years	2,211,224	2,932,513
Benefits expected to be paid between 5 - 10 years	14,199,644	3,169,137
Benefits expected to be paid in more than 10 years	154,647,312	65,041,289

20 Deferred income tax, net

Deferred tax assets and liabilities as at 31 December 2019 and 2018 is as follows:

	2019 Baht	2018 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax asset to be recovered after more than 12 months	6,356,060	2,786,197
	<u>6,356,060</u>	<u>2,786,197</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	(720,000)	(720,000)
Deferred tax liability to be settled after more than 12 months	(4,974,991)	(5,490,061)
	<u>(5,694,991)</u>	<u>(6,210,061)</u>
Deferred income tax, net	<u>661,069</u>	<u>(3,423,864)</u>

The movements in deferred tax assets and liabilities during the year is as follows:

	Provisions for employee benefit obligations Baht	Provision for decommissioning costs Baht	Provision for diminution in value of properties foreclosed Baht	Total Baht
Deferred tax assets				
At 1 January 2018	2,149,715	-	-	2,149,715
Charged to profit or loss	569,815	66,667	-	636,482
At 31 December 2018	<u>2,719,530</u>	<u>66,667</u>	<u>-</u>	<u>2,786,197</u>
At 1 January 2019	2,719,530	66,667	-	2,786,197
Charged to profit or loss	1,837,803	55,818	2,226,758	4,120,379
Credited to other comprehensive income	(550,516)	-	-	(550,516)
At 31 December 2019	<u>4,006,817</u>	<u>122,485</u>	<u>2,226,758</u>	<u>6,356,060</u>

20 Deferred income tax, net (Cont'd)

The movements in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Allowance for doubtful accounts Baht	Allowance for revaluation of available-for-sale investment Baht	Total Baht
Deferred tax liabilities			
At 1 January 2018	(5,907,603)	(1,473,490)	(7,381,093)
Charged to profit or loss	285,030	-	285,030
Charged to other comprehensive income	-	886,002	886,003
At 31 December 2018	<u>(5,622,573)</u>	<u>(587,488)</u>	<u>(6,210,061)</u>
At 1 January 2019	(5,622,573)	(587,488)	(6,210,061)
Charged to profit or loss	160,864	-	160,864
Charged to other comprehensive income	-	354,206	354,206
At 31 December 2019	<u>(5,461,709)</u>	<u>(233,282)</u>	<u>(5,694,991)</u>

21 Other liabilities

	2019 Baht	2018 Baht
Accrued interest expenses on deposits	37,031,505	26,870,865
Accrued interest expenses on short-term and long-term borrowings from Parent Company (Note 36 b))	7,215,754	17,205,479
Withholding tax payable	1,629,756	19,724,989
Corporate income tax payable	184,447,033	36,985,465
Related companies payable (Note 36 b))	2,635,496,327	1,128,145,777
Others	172,431,195	129,961,461
Total other liabilities	<u>3,038,251,570</u>	<u>1,358,894,036</u>

22 Share capital and premium on share capital

	Number of shares Shares	Share capital Baht	Share premium Baht	Total Baht
Authorised share capital				
At 1 January 2018	210,000,000	1,050,000,000	-	1,050,000,000
Increase of registered shares	10,499,978	52,499,890	-	52,499,890
Reduction of registered shares	(435)	(2,175)	-	(2,175)
At 31 December 2018	220,499,543	1,102,497,715	-	1,102,497,715
Increase of registered shares	330,748,346	1,653,741,730	-	1,653,741,730
Reduction of registered shares	(646)	(3,230)	-	(3,230)
At 31 December 2019	<u>551,247,243</u>	<u>2,756,236,215</u>	<u>-</u>	<u>2,756,236,215</u>
Issued and paid-up share capital				
At 1 January 2018	209,999,565	1,049,997,825	-	1,049,997,825
Increase of registered shares	10,499,332	52,496,660	-	52,496,660
At 31 December 2018	220,498,897	1,102,494,485	-	1,102,494,485
Increase of registered shares	330,748,344	1,653,741,720	4,299,728,472	5,953,470,192
At 31 December 2019	<u>551,247,241</u>	<u>2,756,236,205</u>	<u>4,299,728,472</u>	<u>7,055,964,677</u>

On 24 April 2019, the Annual General Meeting of shareholders for the year 2019, the shareholders approved the reduction of the authorised share capital from the previous authorised share capital Baht 1,102,497,715 to Baht 1,102,494,485 by reducing the ordinary shares amounting of 646 shares at par value of Baht 5 per each and approved the increase of authorised share capital amount of Baht 1,653,741,720 from the previous authorised share capital amount of Baht 1,102,494,485 to Baht 2,756,236,205 by issuing 330,748,344 authorised ordinary shares at par value of Baht 5 per each. The Company received subscription of 330,748,344 additional shares at Baht 5 par value which were priced at Baht 18 per share. The paid-up share capital and premium on share capital totalling Baht 1,653,741,720 and Baht 4,299,728,472, respectively. The Company registered the increased share capital with the ministry of commerce on 7 June 2019.

23 Legal reserve

	2019 Baht	2018 Baht
At 1 January	123,000,000	123,000,000
Appropriation during the year	40,542,963	-
At 31 December	<u>163,542,963</u>	<u>123,000,000</u>

Under the public limited company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

24 Capital fund

As at 31 December 2019 and 2018, the Company maintained the capital funds in accordance with Section 30 of the Financial Institution Business Act as follows:

	2019 Baht	2018 Baht
<u>Tier 1 capital</u>		
Issued and paid-up share capital	2,756,236,205	1,102,494,485
Share premium	4,299,728,472	-
Legal reserve	163,542,963	123,000,000
Retained earnings - unappropriated	1,289,310,929	911,935,873
Other components of equity	933,129	2,349,954
<u>Less</u> Deduction items from common equity Tier 1 capital	(6,346,515)	(5,551,070)
Deduction 50 percent of Tier 1 and Tier 2	(36,922,813)	(41,577,224)
Common equity Tier 1 capital	8,466,482,370	2,092,652,018
Total Tier 1 capital	8,466,482,370	2,092,652,018
<u>Tier 2 capital</u>		
Reserve for assets classified as normal	45,459,860	88,447,930
<u>Less</u> Deduction items from Tier 2 capital	(45,459,860)	(41,577,224)
Total Tier 2 capital	-	46,870,706
Total capital fund	8,466,482,370	2,139,522,724
Tier 1 capital ratio (%)	45.16	13.33
Common equity Tier 1 capital ratio (%)	45.16	13.33
Total capital ratio (%)	45.16	13.63
Minimum Tier 1 capital ratio requirement (%)	6.00	6.00
Minimum common equity Tier 1 capital ratio requirement (%)	4.50	4.50
Minimum total capital ratio requirement (%)	8.50	8.50

25 Interest income, net

Interest income, net for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Interbank and money market items	15,760,675	18,176,363
Investment in debt securities	7,782,105	12,663,758
Loans to customers	3,077,790,472	2,218,444,799
Total interest income, net	3,101,333,252	2,249,284,920

26 Interest expense

Interest expenses for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Deposits	176,541,250	134,586,647
Contributions to Financial Institution Development Fund and Deposit Protection Agency	56,791,312	56,860,491
Debt securities issued	105,000	105,000
Short-term and long-term borrowings from parent company (Note 36 a))	233,936,165	297,544,521
Fees and charges on borrowings	-	10,945
Total interest expenses	<u>467,373,727</u>	<u>489,107,604</u>

27 Fees and services income

Fees and services income for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Acceptance, avals and guarantees	-	35,681
Penalty charge, net	200,914,139	103,260,241
Others	12,858,824	41,220,971
Total fees and services income	<u>213,772,963</u>	<u>144,516,893</u>

28 Gain (loss) on investments, net

Gain (loss) on investments, net for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Gain (loss) on disposal of available-for-sale investments	(656)	2,174,753
Reversal of impairment investment	-	1,274,559
Total gain (loss) on investments, net	<u>(656)</u>	<u>3,449,312</u>

29 Other operating income

Other operating income for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Dividend income	2,768,918	2,372,136
Gain on sale of properties foreclosed, net	-	54,888,568
Bad debt recovery	92,997,634	304,323
Others	64	3,588
Total other operating income	<u>95,766,616</u>	<u>57,568,615</u>

30 Other expenses

Other expenses for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Fee expenses	10,200,813	12,009,338
Marketing expenses	665,706	3,177,741
Others	72,679,699	31,724,153
Total other expenses	<u>83,546,218</u>	<u>46,911,232</u>

31 Income tax expense

Income tax expense for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Current tax:		
Current tax on profits for the year	209,215,034	92,415,330
Adjustment in respect of prior year	287,687	-
Total current tax	<u>209,502,721</u>	<u>92,415,330</u>
Deferred tax:		
(Increase) in deferred tax assets (Note 20)	(4,120,379)	(636,482)
Increase in deferred tax liabilities (Note 20)	(160,864)	(285,030)
Total deferred tax	<u>(4,281,243)</u>	<u>(921,512)</u>
Income tax expense	<u>205,221,478</u>	<u>91,493,818</u>

Reconciliation of effective tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Profit before income tax expense	<u>1,016,080,721</u>	<u>468,868,875</u>
Tax calculated at a tax rate of 20% (2018: 20%)	203,216,144	93,773,775
Tax effect of:		
Income not subject to tax	(553,784)	(627,647)
Additional eligible expenses	(88,143,319)	(76,819,110)
Expenses not deductible for tax purpose	90,414,750	75,166,800
Adjustment in respect of prior year	287,687	-
Total income tax	<u>205,221,478</u>	<u>91,493,818</u>

The weighted average income tax rate in the financial statements for the year ended 31 December 2019 was 20.20% (2018: 19.51%).

32 Earnings per share

Earnings per share in the financial statements for the years ended 31 December 2019 and 2018 are calculated are as follows:

	<u>2019</u>	<u>2018</u>
Net profit for the year to ordinary shareholders of the Company (Baht)	810,859,243	377,375,054
Weighted average number of ordinary shares outstanding (shares)	<u>408,980,145</u>	<u>217,277,184</u>
Basic earnings per share (Baht per share)	<u>1.98</u>	<u>1.74</u>

There are no dilutive ordinary shares in issue for the years ended 31 December 2019 and 2018.

33 Dividend paid

At the Annual General meeting on 24 April 2019, the shareholders approved that there was no dividend payment for the year 2018.

At the Annual General meeting on 23 April 2018, the shareholders approved dividend payment for the year 2017 at the rate of Baht 0.25 per share to the shareholders amounting to Baht 58,799,877. The dividend was paid in cash and ordinary shares on the following basis:

1. Payment of cash dividend at the rate of Baht 0.03 per share amounting to Baht 6,299,987.
2. Payment of ordinary shares dividend of shares at par value of Baht 5 per share to the shareholders at the rate of 20 ordinary shares per 1 ordinary share dividend totaling Baht 52,499,890 a dividend of Baht 0.25 per share. In the case of 12,921 fractional shares, payment is paid in cash instead of stock dividend at the rate of Baht 0.25 per share, totaling Baht 3,230.25.

The Company paid dividend to shareholders on 21 May 2018.

34 Information on quality of assets

The quality of assets classified in accordance with the guidelines of the Securities Exchange Commission as at 31 December 2019 and 2018 are as follows:

34.1 Investments in securities

The Company has no investments in companies having problems in financial position and operation as at 31 December 2019 and 2018.

34 Information on quality of assets (Cont'd)

34.2 Loans to customers and accrued interest receivables

The Company had granted loans to customers and accrued interest receivables to companies which faced the financial operational difficulties and provided related allowance for doubtful accounts as follows:

2019			
Numbers	Total debts Baht	Collateral Baht	Allowance for doubtful accounts Baht
Companies having problems in debt settlement or have defaulted on debt settlement	9 220,266,311	35,000,000	185,266,311
Total	9 220,266,311	35,000,000	185,266,311
2018			
Numbers	Total debts Baht	Collateral Baht	Allowance for doubtful accounts Baht
Companies having problems in debt settlement or have defaulted on debt settlement	9 222,958,859	50,184,800	176,274,059
Total	9 222,958,859	50,184,800	176,274,059

35 Financial instruments

Financial instruments are any contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Foreign exchange risk

The Company has no significant exposure to foreign currency risk relates due to its trading transactions are mainly carried out in Thai Baht. The Company does not use any derivative financial instruments to hedge foreign currency exposure.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. However, the Company considers that it is not necessary to use derivative instruments to hedge such risk, as the management believes that future movements in market interest rates will not materially affect the Company's operating results.

35 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Financial assets and liabilities classified by interest rate characteristic are as follows:

2019				
Outstanding balance of financial instrument				
	Floating interest rate Baht	Fixed interest rate Baht	Non- interest Baht	Total Baht
Financial assets				
Interbank and money market Items	-	998,774,110	550,937,047	1,549,711,157
Investments	-	163,920,607	16,947,799	180,868,406
Loans to customers	402,146,074	18,600,388,301	-	19,002,534,375
	<u>402,146,074</u>	<u>19,763,083,018</u>	<u>567,884,846</u>	<u>20,733,113,938</u>
Financial liabilities				
Deposits	-	6,348,332,737	-	6,348,332,737
Debt securities issued and borrowings	2,000,000,000	6,000,000	-	2,006,000,000
	<u>2,000,000,000</u>	<u>6,354,332,737</u>	<u>-</u>	<u>8,354,332,737</u>
2018				
Outstanding balance of financial instrument				
	Floating interest rate Baht	Fixed interest rate Baht	Non- interest Baht	Total Baht
Financial assets				
Interbank and money market Items	924,475,693	600,000,000	229,213,984	1,753,689,677
Investments	-	181,455,971	16,952,764	198,408,735
Loans to customers	780,207,948	17,387,918,425	-	18,168,126,373
	<u>1,704,683,641</u>	<u>18,169,374,396</u>	<u>246,166,748</u>	<u>20,120,224,785</u>
Financial liabilities				
Deposits	-	7,273,973,227	-	7,273,973,227
Debt securities issued and borrowings	8,000,000,000	506,000,000	-	8,506,000,000
	<u>8,000,000,000</u>	<u>7,779,973,227</u>	<u>-</u>	<u>15,779,973,227</u>

35 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Financial assets and liabilities can be separated the remaining years to earlier of reprising dates or maturity date, commencing as from the statement of financial position date are as follows:

	2019								
	Reprising or maturity date								
	At call Baht	0 - 3 months Baht	3 - 12 months Baht	1 - 5 years Baht	Over 5 years Baht	Non- Performing loan Baht	Non-interest Baht	Total Baht	Interest rates (%)
Financial assets									
Interbank and market money items	328,774,110	670,000,000	-	-	-	-	550,937,047	1,549,711,157	0.38 - 1.73
Investments	-	-	81,537,933	-	82,382,674	-	16,947,799	180,868,406	4.00 - 6.00
Loans to customers	869,169,040	5,238,987,657	10,644,666,222	2,003,851,742	20,162,583	225,697,131	-	19,002,534,375	0.01 - 36.00
	<u>1,197,943,150</u>	<u>5,908,987,657</u>	<u>10,726,204,155</u>	<u>2,003,851,742</u>	<u>102,545,257</u>	<u>225,697,131</u>	<u>567,884,846</u>	<u>20,733,113,938</u>	
Financial liabilities									
Deposits	94,698,120	1,895,511,025	3,546,427,699	811,695,893	-	-	-	6,348,332,737	0.50 - 3.50
Debt securities issued and borrowings	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,000,000</u>	1.75 - 5.25
	100,698,120	1,895,511,025	3,546,427,699	2,811,695,893	-	-	-	8,354,332,737	

35 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Financial assets and liabilities can be separated the remaining years to earlier of reprising dates or maturity date, commencing as from the statement of financial position date are as follows: (Cont'd)

	2018								
	Reprising or maturity date								
	At call Baht	0 - 3 months Baht	3 - 12 months Baht	1 - 5 years Baht	Over 5 years Baht	Non- Performing loan Baht	Non-interest Baht	Total Baht	Interest rates (%)
Financial assets									
Interbank and market money items	924,475,693	600,000,000	-	-	-	-	229,213,984	1,753,689,677	0.38 - 1.50
Investments	-	-	-	83,075,810	98,380,161	-	16,952,764	198,408,735	3.00 - 7.00
Loans to customers	470,394,954	4,848,772,874	10,683,201,545	1,915,541,577	21,596,459	228,618,964	-	18,168,126,373	0.01 - 36.00
	<u>1,394,870,647</u>	<u>5,448,772,874</u>	<u>10,683,201,545</u>	<u>1,998,617,387</u>	<u>119,976,620</u>	<u>228,618,964</u>	<u>246,166,748</u>	<u>20,120,224,785</u>	
Financial liabilities									
Deposits	404,425,223	1,073,883,266	3,991,565,829	1,804,098,909	-	-	-	7,273,973,227	0.50 - 3.40
Debt securities issued and borrowings	6,000,000	-	500,000,000	8,000,000,000	-	-	-	8,506,000,000	1.75 - 5.50
	410,425,223	1,073,883,266	4,491,565,829	9,804,098,909	-	-	-	15,779,973,227	

35 Financial instruments (Cont'd)

Credit risk

Management manages the risk by adopting appropriate credit control policies and procedures and therefore, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of loan receivables as stated in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to pay its debts and obligations when due because of an inability to convert assets into cash timely, or because of its failure to procure enough funds.

Management is responsible for liquidity management, including procurement of both short-term and long-term sources of funds.

2019						
	At call Baht	1 year Baht	More than 1 - 5 years Baht	Over 5 years Baht	No Maturity Baht	Total Baht
Financial assets						
Interbank and money market items, net	879,711,157	670,125,767	-	-	-	1,549,836,924
Investments, net	-	81,537,933	-	82,382,674	16,947,799	180,868,406
Loans to customers and accrued interest receivables	1,094,869,868	15,885,275,105	2,003,851,742	20,162,583	-	19,004,159,298
	<u>1,974,581,025</u>	<u>16,636,938,805</u>	<u>2,003,851,742</u>	<u>102,545,257</u>	<u>16,947,799</u>	<u>20,734,864,628</u>
Financial liabilities						
Deposits	94,698,120	5,441,938,724	811,695,893	-	-	6,348,332,737
Debt securities issued and borrowings	6,000,000	-	2,000,000,000	-	-	2,006,000,000
Other liabilities	9,463,652	31,532,940	3,250,667	-	-	44,247,259
	<u>110,161,772</u>	<u>5,473,471,664</u>	<u>2,814,946,560</u>	<u>-</u>	<u>-</u>	<u>8,398,579,996</u>
2018						
	At call Baht	1 year Baht	More than 1 - 5 years Baht	Over 5 years Baht	No Maturity Baht	Total Baht
Financial assets						
Interbank and money market items, net	1,153,772,225	600,137,452	-	-	-	1,753,909,677
Investments, net	-	-	83,075,810	98,380,161	16,952,764	198,408,735
Loans to customers and accrued interest receivables	699,016,393	15,535,392,790	1,915,541,577	21,596,459	-	18,171,547,219
	<u>1,852,788,618</u>	<u>16,135,530,242</u>	<u>1,998,617,387</u>	<u>119,976,620</u>	<u>16,952,764</u>	<u>20,123,865,631</u>
Financial liabilities						
Deposits	404,425,223	5,065,449,095	1,804,098,909	-	-	7,273,973,227
Debt securities issued and borrowings	6,000,000	500,000,000	8,000,000,000	-	-	8,506,000,000
Other liabilities	19,290,558	17,262,112	7,523,674	-	-	44,076,344
	<u>429,715,781</u>	<u>5,582,711,207</u>	<u>9,811,622,583</u>	<u>-</u>	<u>-</u>	<u>15,824,049,571</u>

36 Related party transactions

Related parties comprise enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship rather than the legal form.

During the year, the Company had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies are as follows:

	Relationship
Srisawad Corporation PCL.	Parent Company
Srisawad Power 2014 Co., Ltd.	Related party (Common parent company)
Fast Money Co., Ltd.	Related party (Common parent company)
Srisawad Power Co., Ltd.	Common director
Srisawad-Samarn Kaewbootta Foundation	Common director
Sahasamakkee Service Co., Ltd.	Common director
PPGR Co., Ltd.	Common director
I.D. 2007 Co., Ltd.	Common director
Charoenporn Energy Co., Ltd.	A close relative of a director is a director in this company and a common director
Rakthai Technology and Business Administration Co., Ltd.	A close relative of a director is a director in this company and a common director
Boon Anek Co., Ltd.	A close relative of a director is a director in this company and a common director
I Tower Co., Ltd.	A close relative of a director is a director in this company and a common director
Rakvaree Co., Ltd.	A close relative of a director is a director and a shareholder in this company
Dharmavong Co., Ltd.	A close relative of a director is a director and a shareholder in this company
Hi-Tech Network Co., Ltd.	A close relative of a director is a director and a shareholder in this company and a common director
Cassava Land Co., Ltd.	A close relative of a director is a director and a shareholder in this company and a common director
Com-Link Co., Ltd.	A close relative of a director is a director and a shareholder in this company and a common director
Prasert Dee Tae Co., Ltd.	A close relative of director is a director in this company
Pridapramote Co., Ltd.	A close relative of director is a director in this company
S.A.V. (Thailand) Co., Ltd.	A close relative of director is a director in this company
Excel - Link Co., Ltd.	A close relative of director is a director in this company
Active Communication Co., Ltd.	A close relative of director is a director in this company
XET Co., Ltd.	A close relative of director is a director in this company
Telserv Co., Ltd.	A close relative of director is a director in this company

36 Related party transactions (Cont'd)

a) Expenses

	2019 Baht	2018 Baht
Interest expense		
Parent Company (Note 26)	233,936,165	297,544,521
Related companies (Common director and/or shareholders)	49,232,168	50,222,344
Directors and management at the position of department head and above including their related persons	4,842,365	2,159,927
Total	<u>288,010,698</u>	<u>349,926,792</u>
Loan management fee		
Related party (Common parent company)	1,214,546,506	922,834,809
Total	<u>1,214,546,506</u>	<u>922,834,809</u>
Other Expenses		
Related companies (Common director and/or shareholders)	31,186,675	17,948,120
Total	<u>31,186,675</u>	<u>17,948,120</u>

b) Outstanding balances

	2019 Baht	2018 Baht
Receivables		
Related companies (Common Parent Company) (Note 17)	329,464,371	148,474,769
Related companies (Common director and/or shareholders)	2,513,516	2,558,980
Total	<u>331,977,887</u>	<u>151,033,749</u>
Deposits		
Related companies (Common director and/or shareholders)	2,450,153,712	2,594,419,173
Directors and management at the position of department head and above including their related persons	147,500,000	148,001,069
Total	<u>2,597,653,712</u>	<u>2,742,420,242</u>
Borrowings		
Parent Company (Note 18.2)	2,000,000,000	8,500,000,000
Total	<u>2,000,000,000</u>	<u>8,500,000,000</u>

36 Related party transactions (Cont'd)

b) Outstanding balances (Cont'd)

	2019 Baht	2018 Baht
Accrued interest expenses		
Parent Company (Note 21)	7,215,754	17,205,479
Related companies (Common director and/or shareholders)	15,202,848	9,075,683
Directors and management at the position of department head and above including their related persons	1,652,819	1,148,186
Total	24,071,421	27,429,348
Payable		
Related companies (Common Parent Company) (Note 21)	2,635,496,327	1,128,145,777
Total	2,635,496,327	1,128,145,777

Movements of borrowings from Parent Company are as follows:

	2019 Baht	2018 Baht
Beginning balance for the year	8,517,205,479	2,520,236,301
Additions for the year	500,000,000	6,000,000,000
Repayments for the year	(7,000,000,000)	-
Interest expenses for the year	233,936,165	297,544,521
Interest paid for the year	(243,925,890)	(300,575,343)
Ending balance for the year	2,007,215,754	8,517,205,479

c) Benefits paid to directors and executives

The Company has no special benefits given to the directors and executives beyond the general benefits provided such as directors' remuneration, executives' salary and bonus (if any).

For years ended 31 December 2019 and 2018, compensations paid to key management personnel are as follows:

	2019 Baht	2018 Baht
Short-term employee benefits	28,323,136	28,132,748
Post-employment benefits	1,448,721	4,943,710
Total	29,771,857	33,076,458

37 Service and lease commitments

As at 31 December 2019 and 2018, the Company has obligation for payment rental and service fees under non-cancellable lease and service agreements as follows:

	2019 Baht	2018 Baht
Payment within:		
Not later than 1 year	32,767,300	29,023,225
Later than 1 year but not later than 5 years	12,090,000	41,106,000
Total service and lease commitments	<u>44,857,300</u>	<u>70,129,225</u>

38 Events occurring after the reporting period

On 25 February 2020, the Board of Directors Meeting of the Company approved the resolution regarding the payment of dividend for the year of 2019 at the rate of Baht 2.25 per share which have total amount of Baht 1,240 million, and the dividend will be paid on 22 May 2020.



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