



ราชนาถันลีซซิง
Ratchthani Leasing
A Thanachart Group Company

ANNUAL REPORT 2017

RATCHTHANI LEASING PUBLIC COMPANY LIMITED



Vision

To be the leader in commercial automobiles and other vehicles leasing services and to meet customer's demand in every province all over the country.

Mission

Mission to Shareholders

The Company will conduct business with transparency, efficiency and sustainable growth in order to continuously gain good performance and business result for shareholders.

Mission to Employees

The Company will develop human resources to occupy capabilities, expertise, skills, professionalism while sustaining honesty and professional code of conduct. The Company will provide the proper remuneration to sustain the qualified employees with the Company.

Mission to Trade Partners

The Company will create good relationship, confidence, fast services and fair return on business to trade partners for the efficient long-term business partnership.

Mission to Customers

The Company will develop the precise, fast and excellent services, offer the quality financial products to meet target customer's demand and apply the information technology to support and create highest customer satisfaction.

Mission to Society

The Company is committed to conducting business with honesty, transparency and anti-corruption. The Company has the principles and disciplines in accordance with the law, related rules and regulations, in order to make contribution to society and support the country's economic development.

Core Values

To drive the organization to accomplish the mission and vision efficiently in a proper way and align with Thanachart Group's direction, the Company created the core values "C3 SIP" for all employees to make understanding and take into practice as follows:

Organization's Core Value is the belief and commitment of each employee reflecting in his/her behavior while working and providing services to customers.

Customer Focus : We will give importance to customer's demand and will focus on providing services that meet customer's demand and satisfaction.

Collaboration : We will make it as a team work.

Commitment : We will be committed to working to achieve the goal and being responsible for the result.

Spirit : We will work with determination and dedication.

Integrity : We will persist in honesty, transparency and anti-corruption.

Professional : We will occupy knowledge, skills and capabilities sufficient to perform our duties.

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Ratchthani Leasing Public Company Limited co-hosted merit-making ceremonies dedicated to the late King Bhumibol Adulyadej.



His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun officially allowed Ratchthani Leasing Public Company Limited to co-host the merit-making and wreath presentation ceremony of the late King Bhumibol Adulyadej to appreciate his royal grace and for the royal charity. Mr. Virat Chinprapinporn, Chairman of Ratchthani Leasing Public Company Limited and committee, executives and staff of the Company participated in the ceremony at Dusit Maha Prasat Throne Hall in the Grand Palace.



Message from Chairman

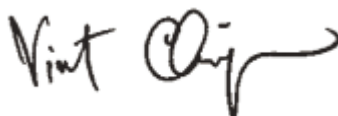
The overview of global economy last year was unstable although there was a sign of recovery from the key industrial countries. The economy of the United States of America had a trend of growth from the production sector but there still was a risk from the uncertainty of the new president's economic stimulus policy. The countries in Europe have still got the effect from the separation of the United Kingdom and the pressure from the political risk of each country, resulting in the uncertainty on the agreement of investment and economy. China's economy slowed down very much after the big lower Yuan rate and the implementation the easy monetary policy by lowering interest rate, including the issues of high debts of private sector. Japan's economy started to slowly expand from the continued stimulation of the monetary and fiscal policies. The oil price was still the key factor to the world's economic situation. The Organization of Petroleum Exporting Countries (OPEC) has been controlling their supply production to solve the over-supply issue. Thus, the crude oil market tended to get balance.

Thailand economy in 2017 had the signal of growth from the tourism sector, the growing consumption of private sector and the expanding export, resulted in the growth of industrial sector and the gradual improvement of private sector's investment. This was the effect from the increase of government investment and private spending. In addition, the implementation of the monetary policy at the easy and concise level also supported the recovery of domestic economy of the country.

As for the 2017 overall operation performance, Ratchthani Leasing Public Company Limited has been able to expand its leasing to achieve its target which complied with the domestic economic recovery. The Company's net profit was 1,126 million Baht, higher than the previous year for 28%. The account receivable of leasing was increased for 18% at 38,598 million Baht. The capability to continuously increase profitability and the success of leasing quality control improvement reflected the Company's healthy financial structure and its commitment to consistently maintain its good operation performance.

For the economic outlook of Thailand in 2018, the Company expects that it will keep growing gradually from the year of 2017. The major contributing factors are from the spending and investment in fundamental structure of the government sector together with the increasing consumption trend of the private sector and the relaxing execution of the monetary policy to support the economic recovery of the country. However, the uncertainties from various factors of key industrial countries which may affect the overall Thai economy are continuously and closely monitored, so that the Company will be able to drive its business operation according to the business plans.

On behalf of the Board of Directors, I would like to thank all shareholders and stakeholders for their trust and support to Ratchthani Leasing Public Company Limited continually as well as the executives and all employees for their dedication on performing with full effort to the Company. With the belief, the Board of Directors, the executives and all employees are assured to commit on performing their duties with responsibilities to drive the Company's business to achieve its success and sustainable growth continually to the future.

A handwritten signature in black ink, appearing to read 'Virat Chinprapinporn', with a stylized flourish at the end.

(Mr. Virat Chinprapinporn)

Chairman of the Board of Directors

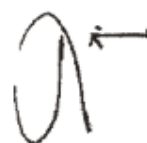
Report of the Executive Board of Directors

Thailand economy in 2017 has gradually recovered, as a result of the consumption and spending of private sector including the investment of government sector. However, the uncertainty factors from the domestic economic conditions and the world economic conditions remained. Thus, the Company needed to conduct the effective management and administration to deal with those uncertainty factors and to increase the Company's competitive competency in the severe competition. This would lead to the Company's capability to conduct business with stability and continuity. The Board of Directors assigned such duty and responsibility to the Executive Board of Directors.

In 2017, the Executive Board of Directors conducted 12 meetings to consider, administrate and manage significant issues of the Company to be in accordance with the objectives, regulations and resolutions of shareholders meetings and resolutions of the Executive Board meetings, in compliance with the law, rules and regulations of official agencies and relevant regulatory agencies. They also included the consideration, review and approval of such issues before proposing to the Board of Directors as summarized as follows:

- Designate the strategy and annual operational plans of the Company and communicate them to the executives and staff in the corporate for the execution. Monitor the result to adjust the strategy to suit the situation and comply with the objectives.
- Review and monitor the Company's performance regularly every month in order to ensure its achievement according to the plan and the Board of Directors' assignment.
- Consider and approve the risk management principles, scope of decision making authority of the authorized persons and the continuity of business administration.
- Consider the guidelines to define the annual remuneration for employees.
- Take actions on other duties assigned by the Board of Directors and report the results to the Board of Directors for acknowledgement or further consideration.

The Executive Board of Directors committed to perform their duties at full capability in order to ensure the Company's business conduct in line with the law, rules and related regulations and in accordance with the good corporate governance principles. The Company's business, as a result, shall achieve its short-term, medium-term and long-term goals as planned, which will finally lead to the Company's stable and sustainable growth further.



(Mr. Kovit Rongwattanasophon)

Chairman of the Executive Board of Directors

Report of Nomination and Remuneration Committee

The Board of Directors has appointed the Nomination and Remuneration Committee comprising of 3 Directors as follows:

- | | | | | | |
|----|--------------|---------------|--------------------------|----|---------------------------|
| 1. | Mr. Suvit | Arunanondchai | (Independent Director) | as | Chairman of the Committee |
| 2. | Mr. Varavudh | Varaporn | (Independent Director) | as | Member of the Committee |
| 3. | Mr. Anuwat | Luengtaweekul | (Non-executive Director) | as | Member of the Committee |

The Nomination and Remuneration Committee has performed their duties fully and carefully under the policy and charter of the Nomination and Remuneration Committee which were considered and approved by the Board of Directors.

In 2017, the Nomination and Remuneration Committee held 2 meetings to consider the nomination and remuneration issues to propose to the Board of Directors for approval as summarized below:

- Designated the policy, criteria and procedure of nomination and remuneration for the Company's Directors.
- Considered and selected the qualified candidates to be the Directors and members of sub-committees.
- Assured that the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director received remuneration appropriate for their duties and responsibilities and in accordance with their performance.
- Determined the performance evaluation criteria for the Chief Executive Officer and Managing Director in order to consider the annual remuneration package.
- Reviewed the remuneration package and other benefits for the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director to be appropriate for their duties and responsibilities and in accordance with the market condition.

Moreover, the Nomination and Remuneration Committee attended the seminars and studied the practices and related regulations set by Thai Institute of Directors in order to apply for the Company's appropriate and correct practices in accordance with the Company's operations.

In summary, the Nomination and Remuneration Committee has performed such above duties and responsibilities as assigned by the Board of Directors and viewed that in 2017 the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director were knowledgeable and capable persons. The remuneration and other benefits shown in the Annual Report were considered

suitable for their duties and responsibilities in accordance with the economic condition and overall performance of the Company.



(Mr. Suvit Arunanondchai)

Chairman of Nomination and Remuneration Committee

Report of the Corporate Governance Committee

The Board of Directors has realized the importance of business operation based on the integrity, transparency and accountability. Therefore, the Board of Directors has agreed to assign the whole board to mutually perform and take responsibilities as the Corporate Governance Committee. The Corporate Governance Committee has duty to designate the Corporate Governance Policy, business code of conduct, and code of conduct for executives and staff for everyone to take as guidelines for practice and treatment to all stakeholders under the 2017 Corporate Governance Code of listed companies of the Stock Exchange of Thailand. The Corporate Governance Committee shall assess and review such policy and codes to be in compliance with the related laws consistently.

The Corporate Governance Committee set the guidelines for business operation under the good corporate governance in compliance with the Stock Exchange of Thailand policy and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The Corporate Governance Committee recognized the integration of the good corporate governance principles, social responsibility, and sustainability development into business operation with the business principles, to achieve the goal of sustainable and stable growth which is in compliance with Thanachart group, as follows:

1. Be competitive while having moral and ethics and deliver good business results concerning short-term and long-term impact.
2. Conduct business with respect and responsibility to shareholders and stakeholders.
3. Commit to conduct business with concern on society and develop or reduce negative impact to environment.
4. Be able to adjust under corporate resilience.

The Company also realized that corruption was the obstacle of the social and economic development of the country. Since 2014, the Company has joined the declaration of intent and been certified for the membership of the alliance of Thai private sectors on the Collective Action against Corruption (CAC). The certificate lasted for 3 years from the approval date. In 2017, the Company received the re-certification for the membership together with Thanachart Capital Public Company Limited and 14 companies of Thanachart Group. This reflected the Company's commitment in conducting business with fairness, transparency, and anti-corruption in all forms both directly and indirectly.

As a result of its intention to conduct business under the good corporate governance, the Company was evaluated from the Corporate Governance Report of Thai Listed Companies 2017 (CGR) and scored at the grade level of "Excellent" from Thai Institute of Directors. In addition, the Company has been recruited to be the top listed ESG100 in 2017, for the third year consecutively, from Thaipat Institute in collaboration with the Office of the Securities and Exchange Commission, which only selecting the companies having the outstanding performance related to the Environmental, Social and Governance

(ESG). It reflects the Company's willingness to conduct business in compliance with the good corporate governance policy and business code of conduct of the Company as well as creating the confidence to all stakeholders, including developing the society for sustainable growth.

As the listed company, the Company is ready to continuously improve and consistently develop its good corporate governance guidelines in accordance with its business operation as well as develop its corporate governance to be equivalent to the international best practices in order to create the Company's stability in the long term.

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(Mr. Virat Chinprapinporn)

Chairman of Corporate Governance Committee

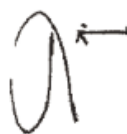
Report of Risk Management Committee

The Board of Directors appointed and assigned the Executive Board to act as the Risk Management Committee, as another role, which consists of 4 members as follows:

- | | | | | |
|----|---------------|-------------------|----|---|
| 1. | Mr. Kovit | Rongwattanasophon | as | Chairman of the Risk Management Committee |
| 2. | Mr. Virat | Chinprapinporn | as | Risk Management Director |
| 3. | Mr. Praphan | Anupongongarch | as | Risk Management Director |
| 4. | Mr. Wuttichai | Suraratchai | as | Risk Management Director |

The Risk Management Committee perform duties as assigned by the Board of Directors to review and approve the Risk Management Policy in aspects related to the business operation, including credit risk, marketing risk, operational risk, strategic risk, liquidity risk and others. The Risk Management Committee also has duty to provide the tools or other measures to assess risks efficiently. They should be suitable for the Company in order to manage the risks related to business operation to be in the acceptable level. The Risk Management Committee assesses the internal and external factors which may impact significantly on the corporate business. The Risk Management Committee has also considered and reviewed the Risk Management policy and guidelines regularly.

In 2017, the domestic economy started to recover. The investment in government sector and private sector increased, especially in the fundamental transportation structure by government sector. The overall economy in the country had a good trend. As the overall world economy was recovering, i.e. in the United States of America, Europe and Japan, our export also expanded better as well. However, there were still the uncertainties form internal and external factors, such as the economic and monetary policy of major industrial countries or the limitation from domestic household debts which had impact on the consumption rate. These factors were the pressure for the business operation in the previous year. The Risk Management Committee needs to conduct its duties, as assigned above, precisely and extensively in order to enable the Company to operate its business appropriately and effectively, and to achieve its goal under such pressures. As a result, the Company will be able to operate its business with stable growth continually.



(Mr. Kovit Rongwattanasophon)

Chairman of the Risk Management Committee

General Information and Other Significant Information

Company Name	:	Ratchthani Leasing Public Company Limited
Type of Business	:	Leasing services for financial leasing and hire purchase of new cars, used cars and other assets.
Head Office Location	:	77/35 – 36, 11 th Floor UP Sinnsathorn Tower Building, Krunghthonburi Road, Klong Ton Sai Sub-district, Klongsan District, Bangkok 10600
Registration No.	:	0107545000209
Homepage	:	www.ratchthani.com
Tel.	:	0-2431-9000
Fax	:	0-2431-9099
Registered Capital	:	Baht 2,416,227,333 (as of 31 st December 2017)
Paid-up Capital	:	Baht 2,416,227,209 (as of 31 st December 2017)
Type of Stock	:	Common stock

Securities registrar

Thailand Securities Depository Co., Ltd.
93, 14th Floor, Ratchadaphisek Road, Dindaeng,
Bangkok 10400, Thailand
Tel: 0-2009-9000
Fax: 0-2009-9992

Auditor

Miss Rattana Jala
Certified Public Accountant Registration Number 3734
EY Office Limited
193/136-137 Lake Ratchada Building, 33rd Floor
Ratchadapisek Road, Klong Toey
Bangkok 10110
Tel. : 0-2264-0777
Fax : 0-2264-0789-99

Company Secretary

Mr. Ponlaphe Sakkayapapwicharnon

Ratchthani Leasing Public Company Limited

77/35 – 36, 11th Floor UP Sinnsathorn Tower Building,

Krungthonburi Road, Klong Ton Sai Sub-district,

Klongsan District, Bangkok 10600

Tel. : 0-2431-9000 ext. 1666

Fax : 0-2431-9099

Financial Summary

Financial status and operating performance in 3 years

(unit: Thousand Baht)

Balance Sheet	2017		2016		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
<u>Current assets</u>						
Cash and bank deposit	190,417.05	0.48	117,883.52	0.35	163,892.49	0.56
Hire-purchase account receivable due within 1 year, Net	13,519,866.42	34.23	12,066,235.98	36.16	11,328,652.41	38.39
Financial lease- account receivable due within 1 year, Net	151,761.07	0.39	133,830.79	0.40	110,738.43	0.38
Other debtors	54,486.78	0.14	52,944.51	0.16	50,903.45	0.17
Foreclosed assets	60,173.29	0.15	56,695.02	0.17	85,345.38	0.29
Other current assets	169,021.30	0.43	28,157.97	0.08	17,947.71	0.06
<u>Non-current assets</u>						
Restricted bank deposits	0.00	0.00	0.00	0.00	300.00	0.00
Hire-purchase account receivable due more than 1 year, Net	24,602,999.91	62.30	20,245,461.51	60.68	17,192,096.45	58.27
Financial lease- account receivable on due	323,621.42	0.82	302,009.51	0.91	288,793.35	0.98
Long-term investment, Net	243.72	0.00	212.74	0.00	185.86	0.00
Properties for investment	19,326.50	0.05	19,326.50	0.06	19,326.50	0.07
Property, plant and equipment, Net	119,954.64	0.30	129,346.43	0.39	94,775.59	0.32
Intangible assets	8,863.37	0.02	10,206.20	0.03	12,865.64	0.04
Deferred tax asset - net	269,599.34	0.68	200,445.86	0.60	135,677.24	0.46
Other non-current assets	1,457.17	0.01	2,112.17	0.01	3,173.27	0.01
Total assets	39,491,791.98	100.00	33,364,868.71	100.00	29,504,673.77	100.00

Balance Sheet	2017		2016		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<i>Liabilities</i>						
<u>Current liabilities</u>						
Overdraft	0.00	0.00	0.00	0.00	0.00	0.00
Short-term loan	13,202,797.95	33.44	11,792,364.73	35.35	7,320,692.37	24.81
Long-term loan due within 1 year	899,967.69	2.28	499,750.10	1.50	82,688.08	0.28
Portion of debentures due within 1 year	3,099,248.14	7.85	7,667,104.61	22.98	5,497,927.69	18.64
Other creditors	392,732.09	0.99	370,606.04	1.11	395,894.94	1.34
Hire-purchase creditor due within 1 year	3,372.48	0.01	3,066.45	0.01	5,487.18	0.02
Accrued corporate income tax	177,867.33	0.45	141,216.17	0.42	104,570.66	0.35
Other current liabilities	166,945.03	0.42	137,592.73	0.41	122,058.47	0.41
<u>Non-current liabilities</u>						
Hire-purchase creditor	7,400.75	0.02	4,505.45	0.01	3,892.14	0.01
Long-term loan	339,000.00	0.86	1,188,967.69	3.56	1,399,717.79	4.75
Debenture	15,549,598.19	39.37	6,528,421.63	19.57	9,989,366.15	33.86
Forecasted liabilities- reserve for long-term staff benefit	25,566.39	0.06	21,884.20	0.07	18,121.81	0.06
Total liabilities	33,864,496.04	85.75	28,355,479.80	84.99	24,940,417.28	84.53
<i>Shareholders' equity</i>						
Issued and paid-up capital	2,416,227.21	6.12	2,416,227.21	7.24	2,416,227.21	8.19
Capital surplus	319,888.16	0.81	319,888.16	0.96	319,888.16	1.08
<u>Appropriated retained earnings</u>						
Legal reserve	242,000.00	0.61	228,000.00	0.68	183,000.00	0.62
Retained earnings for treasury stocks	0.00	0.00	0.00	0.00	0.00	0.00
Unappropriated retained earnings (deficit)	2,649,180.57	6.71	2,045,273.54	6.13	1,645,141.12	5.58
Less Treasury stocks	0.00	0.00	0.00	0.00	0.00	0.00
Total shareholders' equity	5,627,295.94	14.25	5,009,388.91	15.01	4,564,256.49	15.47
Total liabilities & shareholders' equity	39,491,791.98	100.00	33,364,868.71	100.00	29,504,673.77	100.00

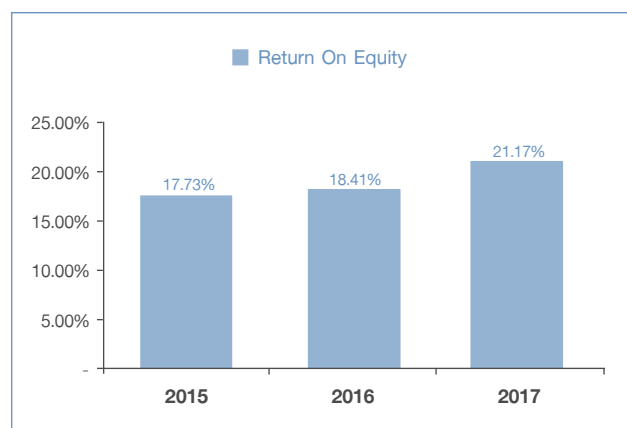
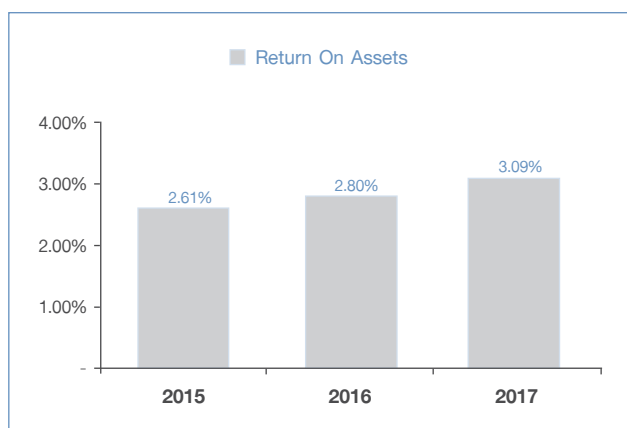
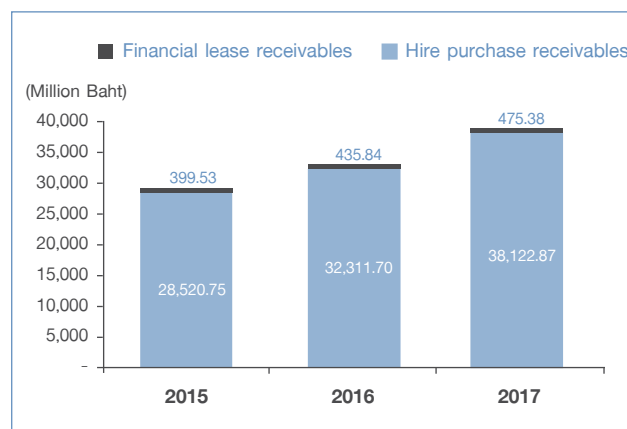
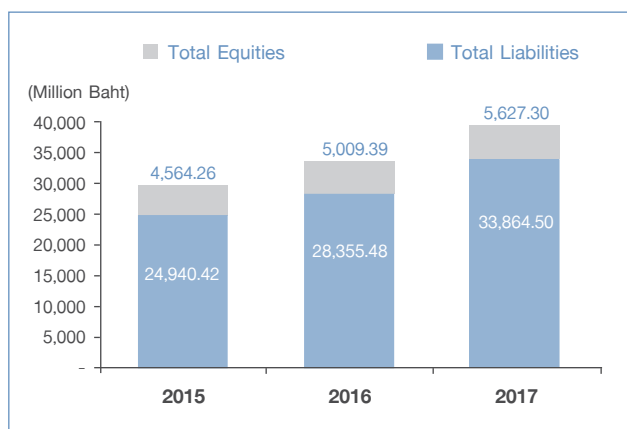
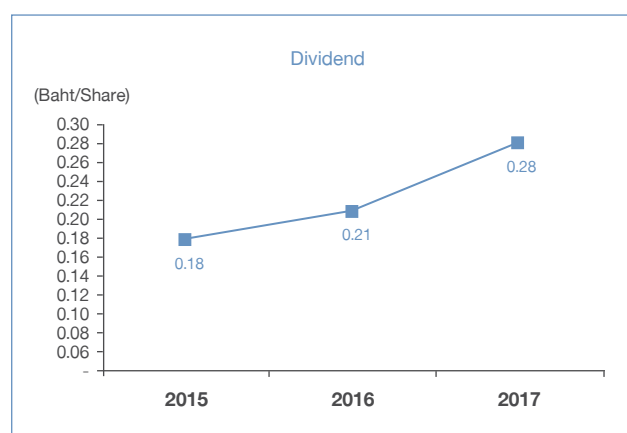
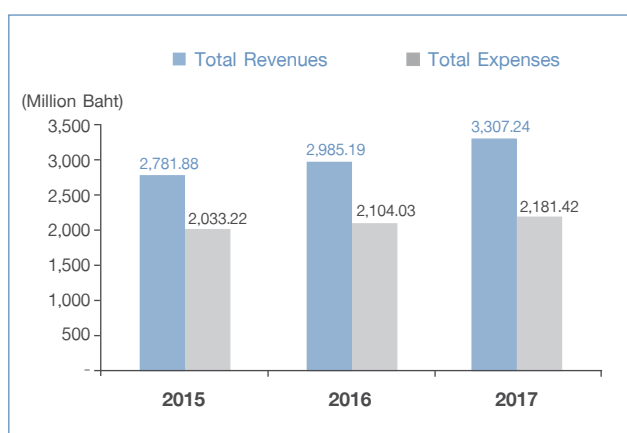
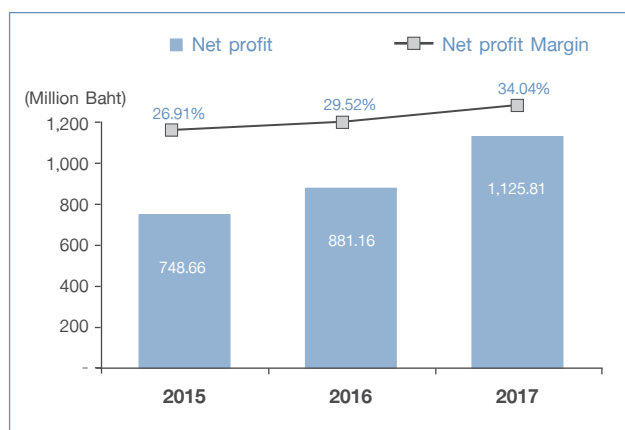
(unit: thousand baht)

<u>Income Statement</u>	2017		2016		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Income and expenses						
Interest income from hire purchase	2,729,352.67	82.53	2,454,772.56	82.23	2,339,894.60	84.11
Interest income from financial lease	31,257.28	0.95	29,743.77	1.00	21,602.13	0.78
Income from fee and services	301,656.52	9.12	273,160.88	9.15	235,812.48	8.48
Other incomes	244,968.58	7.40	227,513.86	7.62	184,575.21	6.63
Total incomes	3,307,235.05	100.00	2,985,191.07	100.00	2,781,884.41	100.00
Financial cost	882,406.18	26.68	946,996.38	31.72	1,016,399.63	36.54
Selling and administrative expense	495,740.65	14.99	439,558.53	14.73	408,159.58	14.67
Bad debt	101,668.61	3.08	75,576.03	2.53	190,835.18	6.86
Doubtful account	421,763.97	12.75	420,770.38	14.10	221,089.59	7.95
Corporate income tax	279,842.74	8.46	221,102.86	7.41	196,737.38	7.07
Total expenses	2,181,422.15	65.96	2,104,034.18	70.49	2,033,221.36	73.09
Net profit	1,125,812.90	34.04	881,156.88	29.51	748,663.05	26.91

Major Financial Ratio Reflecting Financial Status and Operating Performance of the Company

Ratio	2017	2016	2015
<u>Profitability Ratio</u>			
Net profit margin (%)	34.04	29.52	26.91
Net profit to net interest (%)	59.94	57.31	55.66
Interest rate received (%)	7.40	7.75	8.13
Interest rate paid (%)	2.90	3.64	4.27
Interest rate gap (%)	4.50	4.11	3.86
Return on equity (%)	21.17	18.41	17.73
<u>Efficiency Ratio</u>			
Return on assets (%)	3.09	2.80	2.61
Total assets turnover (time)	0.09	0.09	0.09
<u>Financial Ratio</u>			
Debt to equity ratio (time)	6.02	5.66	5.46
Lending to loan ratio (time)	1.22	1.23	1.23
Dividend payout ratio (%)	60.09	57.58	58.02
<u>Share Information</u>			
Book value per share (Baht)	2.33	2.07	1.89
Basic earnings per share (Baht)	0.47	0.36	0.31

Financial Information Highlight



Corporate Social Responsibilities: CSR

Overview Policy and Guideline

Ratchthani Leasing Public Company Limited realized the importance of the balanced development of economic, society and environment in order to head the organization for the sustainable growth with business philosophy specified in the Company's social mission that,

"The Company is committed to conduct business with integrity according to the principles of discipline, laws, and related rules and regulations to give back to society and to develop the national economy"

The Company must have the efficient use of resources with consciousness, readiness and capability to build wealth based on organization's fundamental with regard to the supervision and development of human resources, together with the good corporate governance of business operation, thoughtfulness and realization of expectation and benefits of all stakeholders. The balance of these factors will be the major part of the Company's long term business development growth with sustainability and stability in the future.

The Company has determined the social and environment responsibilities to be one of its sustainable business development strategies covering the supervision and development of human resources, the fair treatment to all stakeholders, adhering to the corporate social responsibility principles prepared by the Stock Exchange of Thailand which at present has set the following principles (8 principles):

1. Business operation with fairness
2. Anti-corruption
3. Respect for human rights
4. Labor treatment with fairness
5. Customer responsibility
6. Environment preservation
7. Community and society development
8. Owning innovation and publicizing innovation generated from the operation conducted with responsibilities for society, environment and stakeholders.

Due to the various groups of stakeholders to its business, the Company has strategies to oversee and improve the operation as well as to properly and constantly respond to the expectation of all stakeholders which will enable the Company to grow sustainably based on the participation and the good corporate governance of business operation.

Stakeholder	Strategy and guideline
Shareholder	Transparently conduct business with good corporate governance for sustainable growth.
Customer	Develop precise and fast service for the excellence to respond to requirements of target customers in various automobile segments for their utmost satisfaction.
Trade Partner	Build confidence and good relationship for long term business cooperation.
Employee	Support the development and training including the fair treatment and provide the proper remuneration and welfare.
Creditor	Treat creditor with fairness and transparency based on the contract and agreement.
Competitor	Treat competitor with fairness under code of conduct and fair trade competition.
Society, Community and Environment	Conduct business with fairness and support activities to develop quality of life.
Government sector	Conduct business with government sector according to the business code of conduct.

Operation and Report Preparation

1. **Report Preparation Procedure** Ratchthani Leasing Public Company Limited is committed to be responsible for society and environment. The report is prepared in accordance with the guideline for the sustainability report of **the Stock Exchange of Thailand and Corporate Social Responsibility Institute (CSRI)**.

2. **Operation in accordance with policy** Ratchthani Leasing Public Company Limited is committed to conduct business with good corporate governance and realizes the importance of having the business code of conduct as the behavior framework to reflect the organization values and to be in accordance with the social responsibility principles as follows:

❖ Business operation with fairness

Main issue	Focus issue	Guideline
Support fair competition, no monopoly power	-Business code of conduct -Corporate governance policy	- The Company has prepared the corporate governance policy and the business code of conduct and business ethics handbook, including Anti-Corruption Policy covering gift giving and receiving issue, conflict of interest, non-infringement of intellectual property, etc. The policy is publicized on the Company's website (www.ratchthani.com).
Non-infringement of intellectual property		
Anti-corruption	- Anti-Corruption Policy	

❖ Anti-Corruption

Main issue	Focus issue	Guideline
Anti-Corruption Policy	- Anti-Money Laundering and Combating the Financing of Terrorism Policy	-The Company has set instruction, regulation and operation handbook which comply with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy in accordance to the guideline specified by Anti-Money Laundering Office.
Knowledge training		

❖ Customer Responsibility

Main issue	Focus issue	Guideline
Protection of Customer's Rights	- Keeping Customer's Confidentiality Policy	- The Company has policy of keeping customer's confidentiality. Employees will be trained to understand the customer's rights of privacy.

❖ Environment Preservation

Main issue	Focus issue	Guideline
Sustainable use of resources	- Reduce, reuse and recycle of resources	- The Company has set resources conservation and energy saving project focusing on using recycle paper or envelope, using office equipment worthily, saving water and electricity by turning switch off every time after use, in order to save energy of the Company as well as energy of the country.
	- Energy Conservation	- The Company launched a campaign to promote the use of energy saving devices. Replacing the old bulbs with LED (Light Emitting Diode) lamps not only helped on energy conservation but also provided high luminous efficiency, energy saving and long life durability. This also helped reduce the quantity of waste lamps.

❖ Labor treatment with fairness

Main issue	Focus issue	Guideline
Human resources development and support	- Has guideline for skill development and training for the equal opportunity in career path of all employees.	- The Company has supported at least 50% of all employees to attend the training each year and submitted the training report as required by Department of Skill Development.
Health and Safety	- Gives importance to the health and safety at workplace system for employees	- The Company has the safety at workplace plan and policy to prevent and reduce the accidents and dangers. It has been constantly evaluated, monitored and improved.
Welfare	- Cares and gives importance to employee's personal life and work-life balance.	- The Company realizes the value of all employees and their main contribution to the Company business and provides them with equal treatment, proper remuneration and welfare and the good working environment.

In 2017, the Company not only held the In-house Learning for its employees but also encouraged them to attend the Public Learning to develop their ability, to learn to know their own potentials and to apply the knowledge for their work development in the future. The number of employees attending the learning was 640, accounting for 86.73% of all employees.

❖ Training Courses in 2017

Course	Number of Course	Attended employees	Number of Class
In-house Learning	1	114	3
Public Learning	17	526	30
total	18	640	33

Safety, Occupational Health and Environment Policy

Ratchthani Leasing Public Company Limited realizes the importance of safety, occupational health and working environment which could have effect on every employee and others. So the Company set the policy as follows:

- Safety, occupational health, and working environment are responsibilities of every working employee.
- Knowledge and awareness of safety, occupational health and working environment are to constantly be publicized to executives and employees.
- Line managers at all levels have to act as the role models in terms of safety and to be the leader in training, teaching and motivating employees to perform with correct and safe methods.
- The Company will support and promote the improvement of the environment, the safe operations and the good health to every employee.
- Every employee has to strictly follow the safety regulations, safety standard, occupational health and working environment and other related regulations.

The Company appointed the Safety, Occupational Health and Working Environment Committee, of which the employer's representative at the executive level was the president and the manager level was the committee. The purpose was to consider the policy and the plan of the working safety. The committee was registered in the Department of Labour Protection and Welfare to certify that it passed the Safety, Occupational Health and Working Environment Program, set by a professional safety institute, Pinthong Group Management and Consultants Co., Ltd.

According to the Occupational Safety, Health and Environment Act B.E. 2554, employers were required to conduct the training course of safety, occupational health and working environment to provide the safety, occupational health and working environment to all executives, supervisors and staff. In 2017, the Company conducted the safety, occupational health and working environment training program, lectured by Mr. Buntham Srisamarn, the labour technician at professional level of the Labour Protection and Welfare Office Bangkok Area 5, Department of Labour Protection and Welfare, Labour Ministry, at the meeting room of Sinnsathorn Tower, 11th Floor.

In 2017, the Department of Labour Protection and Welfare launched the management of safety, occupational health and working environment activity to be the accident protection measure for internal working staff in order to help the organizations develop their safety, occupational health and working environment management to their efficiency. The organizations that could meet the criteria would receive the certificate of honor, either of the gold, silver or copper level, from the Department of Labour Protection and Welfare.

Considering the Company's performance in the aspect of safety, occupational health and working environment, the Department of Labour Protection and Welfare gave the certificate of honor to the Company under the **"Proactive Campaign to Accelerate The Examination and Development of the Occupational Safety and Health Administration and Management in Small and Medium Enterprises"**

on 20th December 2017 at the conference room, 4th Floor, the Department of Labour Protection and Welfare building (Talingchan section), Labour Safety Inspection Division, Department of Labour Protection and Welfare Bangkok. **Mr. Ponlaphe Sakkayapapwicharnon, Senior Assistant Managing Director**, was the Company's representative to receive the certificate of honor at **silver level**, from **Mr. Ananchai Uthaiattananachep, the Acting Inspector General and the Director General of the Department of Labour Protection and Welfare**. The Company continued to improve the safety, occupational health and working environment management system to prevent an accident at workplace and to reach the highest working efficiency.



Safety and Health Care Administration

The Company encouraged employees to pay attention to the safety of one another both in and out of the organization. The head office of the Company was located in the condominium in Sinnsathorn Tower. So the Company in cooperation with the building corporate office attended the theory and practice seminar of the fire drill and the signal testing of fire drill. New employees were selected to attend the fire drill in order to know the floor plan and emergency exit in the building.

The Company realized the importance of the working safety, either it be in sanitation or working environment. Both new and current employees, thus, received the training to get the knowledge and correct understanding of working process. In 2017, it was found that the Company had recorded 1.72% sick leave of total employees from head office and other branches. The working accident and injury prevention was also applied; for example, the avoidance of working in the insufficient lighting area, the avoidance of working in the unsafe workplace, the use of mask to prevent the dust breathing in order to prevent the long term physical problems, etc.

❖ Accident and Illness Statistics

Measurement	2017 (persons)		
	Male	Female	Total
Accident	-	-	-
Death	-	-	-
Total	-	-	-

Remuneration and Welfare Procedure

The Company has the clear and transparency performance evaluation process which is standardized for every unit's performance result. The performance evaluation is taken place once a year.

The Company considers the remuneration payment based on the different nature of work. It comes in the form of monthly basic salary and annual bonus. It is considered for the purpose of being the motivation for employees in every unit of the organization and making the Company become effectively competitive with other companies in the same industry.

The Company is aware of the employee welfare and gives importance to every employee's health. It also sees that the savings are necessary for the life after retirement. So the Company provides the employee benefits as follows:

- **Group Life Insurance Welfare**

The Company treasures the employee's life and health. So the welfare named "**Ratchthani Group Life Insurance**" was set up for all employees to give them encouragement and to insure their working lives. Employees do not hold any cost to pay.

- **Annual Physical Check-UP Welfare**

Realizing the importance of employees, the Company provides, in addition to group life insurance, the physical check-up every year. The check-up list covers the general physical condition and the potential risk. Employees will see doctors for personal consult after receiving check-up result so that they will be aware of their health condition and can reduce the potential physical problems. Employees' family can also get the physical check-up at special low rate of cost.

- **Provident Fund Welfare**

The Company set up the provident fund welfare named "**Ratchthai Multiple Value Provident Fund**" to promote savings for insurance to all employees when they reach their retirement period. This fund can provide financial support and happy living to retired employees. Employees can allocate their

portion to the fund at higher amount than the Company's contribution but must not be higher than 15% of their wages. The Company will contribute 5% of their wages to the fund.

- **Funeral Allowance Welfare**

The Company set up the welfare of **"Ratchthani Care for Every Life – Employee Funeral Allowance"** aiming to support employees when their father, mother, spouse or child passes away. The funeral allowance will be provided to help support the cost of funeral according to the stated criteria.

- **Savings Cooperative Welfare**

The Company joined **"Thanachart Employee Savings Cooperative Limited"**. Members of the cooperative are employees of Thanachart group, holding the shares as assigned, and are entitled for the member rights, such as group life insurance and family insurance welfare, special interest rate for savings, applying for a loan, etc.

Employees are the valuable human resources who can endlessly develop their capabilities in whatever large or small enterprises. Human resource development, thus, is the key sustainable factor for business. The Company realizes its importance and takes the human resource development for the key policy. When the human resource is well equipped and owns expertise, it will help drive the organization to reach the goal set by the executives sustainably.

Employee Data

Number of Employees of Ratchthani Leasing by Level

Permanent Employees by level	Gender	Number (person)		
		2017	2016	2015
Executive ¹	Male	6	6	6
	Female	-	-	-
Total		6	6	6
Manager/ Director ²	Male	18	19	15
	Female	9	9	8
Total		27	28	23
Staff ³	Male	192	192	181
	Female	251	243	222
Total		443	435	403
Grand Total		476	469	432

Note

¹ Assistant Managing Director to Managing Director

² Manager to Director

³ Officer to Assistant Manager

Temporary Employees	Number (person)		
	2017	2016	2015
Male	4	3	3
Female	-	-	-
Total	4	3	3

Number of employees of Ratchthani Leasing by Location

Employee by Location	Gender	Number (person)		
		2017	2016	2015
Head Office	Male	149	146	137
	Female	179	175	162
Total		328	321	299
Domestic	Male	67	71	65
	Female	81	77	68
Total		148	148	133
Grand Total		476	469	432

Note: No international location

Number of New Employees and Discharged Employees

Type of Employees	Gender	Number (person)		
		2017	2016	2015
New employee	Male	21	32	26
	Female	24	31	43
Total		45	63	69
Discharged employee	Male	23	16	17
	Female	15	10	13
Total		38	26	30

**Number of Retention Rate and Employees coming back to work after maternity leaves
(especially for female employees)**

Type of Leaves	2017	2016	2015
1. No. of employees entitled for maternity leave (person)	260	252	230
2. No. of employees taking maternity leave (person)	9	10	9
3. No. of employees coming back to work after maternity leave (person)	9	10	8
4. Rate of employees coming back to work after maternity leave (%) (3 divided by 2)	100	100	88.88
5. No. of employees coming back to work after maternity leave and continue to work for 1 year (person)	9	10	8

Social and Environmental Contribution Activities (After process)

In 2017, Ratchthani Leasing Public Company Limited conducted special social contribution activities to support communities, religions and public charities. The Company approved the budget for those activities in which its employees have participated. The main CSR activities being continuously conducted are as follows:

- **Activity to Help Flood Victims**

At Baan Sala Mai Phai, Tha Kae District and Tamnan District, Pattalung

Since there was a flood crisis in January 2017 in the Southern part of Thailand which lasted for a long period of time, the Company was aware of the troubles for living of the flood victims in Tha Kae district community and Tamnan district community in Pattalung province. Ratchthani Leasing Public Company Limited Had Yai branch, together with Namsin Insurance Company, Viriya Insurance Company, Sinmankong Insurance Company and LMG Insurance Company, donated financial support for the necessities of those flood victims, such as dried food, rice, milk, drinking water, etc. The donated necessities were given to each family in Tha Kae district and Tamnan district, Pattalung province, on Saturday 4th February 2017.





- **Activities for Health “Bike for Health Project”**

- Ayudhaya Province

The Company realized the importance of the exercise and health care as well as the efficient time spending and the unity building in the organization. Ratchthani Leasing Public Company Limited, led by Mr. Kovit Rongwattanasophon, Managing Director, encouraged all employees to participate in “**Bike for Health Project**”, starting on Saturday 18th February 2017 in Ayudhaya Province. The total distance the project could make was 20 kilometres.



- **Bike for Health Project #2 - Food and Care for Elephant**

- At Baan Chang Chang Charity in Kanchanaburi Province

The success of the first project of “Bike for Health”, creating the unity among the staff in the organization, led to the second project which realized the significance of Thai elephant, the local animal living with Thailand for a long time. Ratchthani Leasing Public Company Limited led by Mr. Kovit Rongwattanasophon, Managing Director, conducted the “**Bike for Health Project #2 – Food and Care for Elephant**”. All staff and the Company donated the money to Baan Chang Chang Charity in Kanchanaburi for the total of 43,750 Baht. The total distance of those biking for health was 53 kilometres. This activity was conducted on Friday 13th October 2017 at Baan Chang Chang Charity in Kanchanaburi Province.



- **Activity to Donate for Educational Equipment and to Support Religion Sustainability**

At Wat Suan Luang School, Nakorn Sawan Province

The Company realized the importance of the education, especially in the upcountry area where there was deficiency of good educational equipment. Ratchthani Leasing Plc. led by Mr. Virat Chinprapinporn, Chairman, Mr. Kovit Rongwattanasophon, Managing Director, and all employees of the Company provided 10 sets of computers to Wat Suan Luang School, Nakorn Sawan Province and hosted the casting of the principle Buddha image, Phra Phuttha Chinnarath, to support the religion preservation sustainability. The activity was held on 30th April 2017.



- **Team Building Activity**

- At Brookside Valley, Rayong Province

The Company conducted the offsite training during 25th – 26th November 2017 at Brookside Valley, Rayong. The participants included staff from the head office and 10 other branches: Nakorn Ratchasima, Khonkaen, Rayong, Pitsanulok, Surat Thani, Chiang Rai, Ubon Ratchathani, Udon Thani, Had Yai and Nakorn Sawan. The training course was about the team building and human resources development for the business purpose. The objectives were to build relationship and unity of the Company, in the aspects of teamwork, sacrifice and responsibility, in order to create understanding between related functions and the efficiency of working internally. The Company planned to conduct such activities continuously.



ANTI-CORRUPTION

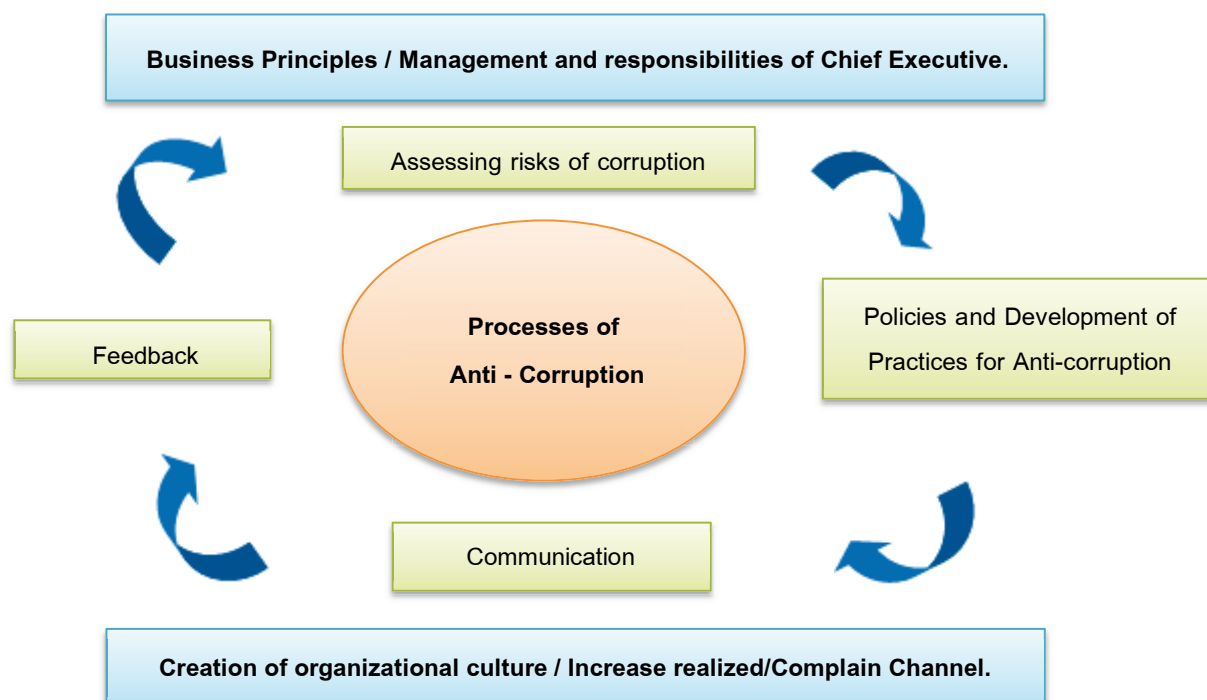
Anti-Corruption Policy

Ratchthani Leasing Public Company Limited realizes that the corruption can give the bad effect and be the obstacle to social and economic development of the country. It significantly is the wrong doing that leads to the unfair business and can affect the Company's reputation in the aspects of business code of conduct, core competency and international acceptance. It will make shareholders, investors and all stakeholders lose confidence in the organization. Thus, the Company takes as the key principles that the Company's business conduct must not support any business, group or individual involving in the pursuit of unreasonable benefits, both directly and indirectly, from the misuse of authority. The Company is willing to cooperate with the government sector, civil social sector, public media and international organizations to reflect its commitment to all forms of anti-corruption.

The Company's Board of Directors had the resolution to approve the Anti-Corruption Policy and Measure, in accordance with Thanachart Group's Anti-Corruption Policy and Measure, which the Company's committee, executives and all employees must strictly follow. The Anti-Corruption Policy and Measure were publicized in the Company's website (www.ratchthani.com).

Corruption Risk Assessment Process

Ratchthani Leasing Public Company Limited set up the process of corruption risk assessment, in accordance with the Anti-Corruption Policy, to be the guideline. The objective was to build ethics and practices of anti-corruption to the whole organization where they were practiced until becoming the corporate culture.



Principles of supervision and control to monitor and prevent the risk of corruption

Ratchthani Leasing Public Company Limited set up the process of corruption risk assessment, including the corruption risk management process which started from the risk identification on the key process, risk assessment, risk control, risk monitoring and risk review. The corruption risks included 4 forms: offering or receiving bribes, gift voucher, reception fee and other expenses, such as political support and donation for charity/ financial support.

Guideline to follow up and evaluate the Anti-Corruption Policy and Measure's compliance

1. Board of Directors have duty and responsibility to determine and approve the Anti-Corruption Policy and Measure and to provide the efficient system supporting the anti-corruption to be assured that the management realizes its importance and takes into practice until becoming the corporate culture.

2. The Audit Committee has duty and responsibility to review the internal control to ensure its sufficiency, efficiency and compliance with the Anti-Corruption Policy and Measure.

3. The Management has duty and responsibility to promote, support and control employees and related parties to follow the Anti-Corruption Policy and Measure and to review the appropriateness of various regulations and measures to ensure its compliance with the changing business, regulations and legal requirements.

4. Internal Audit Department has duty and responsibility to review and examine the practices to ensure that they are correct and in compliance with the policy, principles, regulation and related law. The internal control system must be assured to be proper and sufficient to handle any potential corruption risks. The Internal Audit Department reports directly to the Audit Committee.

5. The Company's committee, high level executives, management and staff have duty to follow the Anti-Corruption Policy and Measure by not getting involved with any corruptions directly or indirectly.

6. The affiliates, associated companies (if any) or business representatives under the Company's control must accept to follow the Company's Anti-Corruption Policy and Measure.

The Company's Anti-Corruption Training Program

In 2017, the Company promoted the staff training to employees at all levels to provide knowledge, understanding and practices according to the required policy of "Anti-Corruption Program" as follows:

1. The committee and high level executives of the Company and Thanachart Group participated in the **Anti-Corruption for Executives Course of Thailand 2017**. The training course was lectured by Dr. Bandid Nijathaworn, President and CEO of Thai Institute of Directors (IOD).

2. Staff at managerial level participated in the Anti-Corruption for Managers Course.

3. Staff at operational level studied the practice guideline in the Anti-Corruption handbook and the Company's PR campaign.

In 2017, the Company promoted the staff training to employees at all levels to provide knowledge, understanding and practices according to the required policy of "Anti-Corruption Program"

under “Let’s Drive for Transparency – NO Corruption” course. Currently the Company’s policy is publicized in the website under the topic of “Anti-Corruption”. Self-assessment is also conducted for every employee in the Company twice a year every year to assure everyone has awareness, understanding and practice in compliance with Thanachart Group’s direction.

Moreover, companies of Thanachart Group, including Ratchthani Leasing Public Company Limited, encouraged employees to join the seminar “New Government, Old Corruption” organized by Anti-Corruption Organization of Thailand on “2017 Anti-Corruption Day” on Wednesday 6th September 2017 at Centara Grand Hotel and Bangkok Convention Center, Central World, Bangkok.

Channels for Whistle Blowing, Fraud and Corruption Complaints

Ratchthani Leasing Public Company Limited realizes the importance of business conduct with honesty, transparency and fairness, in accordance with code of conduct, ethics, corporate governance policy and anti-corruption policy. So the Company set up the channels for all employees and stakeholders to give whistle blowing, fraud complaints and corruption clues to the Company.

Any person finding any action that could be corrupted or being affected from refusing the corruption can whistle blow/ file complaints, with or without the name disclosure, with sufficient and valid facts or evidence through the following channel:

1. Website: www.ratchthani.com, in the section of Anti-Corruption, (subject: Whistle Blowing Corruption Report)
2. Direct notice to Managing Director.
3. Direct Notice to Top Executive of Internal Audit Department of the Company.
4. Make notice to line manager or supervisor.

In the case that involves with the high level executives or Board of Directors, the direct notice can be made to the Chairman of Audit Committee.

Protection for Whistle Blowers

The Company has set up the whistle blowers protection principles for those who give the Company the clues or information about the corruption and for those who refuse to the corruption in order to ensure their safety as follows:

1. The function receiving the complaints considers the fundamental information or finds further details. If considered appropriate, the complaints will be approved by the top executive of that function and will be submitted to other related function for further action according to the Corporate Governance Policy procedure and the Company’s regulations accordingly.

Furthermore, the Company will examine the complaints by considering the facts which are credible and valid for further investigation (not an anonymous letter), excluding the interpersonal dispute or complaints.

2. The Company will provide protection to the persons cooperating with the Company in whistle blowing or refusing corruptions related to the Company in order to prevent them from troubles, dangers or unfair treatment caused by such actions.
3. The Company will not demote, punish or give negative impact to employees or executives who refuse corruptions although such action causes the Company's loss of business opportunities.
4. If the whistle blower/ complainant finds himself unsafe or in danger, he can request to the Company for the appropriate protection action.
5. To protect the complainant's rights, the Company will not disclose the complainant's personal information to anyone except for those who are responsible for examining and investigating the facts. Any action against this principle is considered disciplinary offense.
6. In the case that an employee or executive is found giving other people unfair treatment or damages which may have been caused from those people's whistle blowing or refusing corruption, he/ she is considered disciplinary offense.

"Thailand's Private Sector Collective Action Coalition Against Corruption"

Ratchthani Leasing Public Company Limited signed up to the declaration of intention in joining the Thailand's Private Sector Collective Action Coalition Against Corruption on 18th April 2014 and did the self- evaluation tool for countering corruption in order to enter the process of membership certification from the Thailand's Private Sector Collective Action Coalition Against Corruption Council.

On 3rd October 2014, the Thailand's Private Sector Collective Action Coalition Against Corruption Council meeting had a resolution of approval for Ratchthani Leasing Public Company Limited to be a member of Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and another 10 companies of Thanachart Group. The certificate is valid for 3 years, effective from the date of approval.



In 2017, the Company requested for the re-certification following the process and procedures required by CAC. On 18th August 2017, the CAC Quarterly Meeting 2/2017 had a resolution of approval for the re-certification of Ratchthani Leasing Public Company Limited to be a member of Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and another 14 companies of Thanachart Group. The certificate is valid for 3 years, effective from the date of approval. This is to confirm that the Company is committed to conduct business with fairness, transparency and all forms of anti-corruption directly and indirectly.



On 21st November 2017, Mr. Kovit Rongwattanasophon, Chairman and Managing Director of Ratchthani Leasing Public Company Limited received the certificate of member of Thailand's Private Sector Collective Action Coalition Against Corruption in the international conference, Thailand's 8th National Conference on Collective Action Against Corruption "Bright spot : Lighting the way to a corruption free society", at Napalai Ballroom, Dusit Thani Hotel. The conference was organized by Thai Institute of Directors (IOD.)



Furthermore, in 2015, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) established website as a channel to publicize information and activity news to members. It is also a key channel for members to share their experiences in anti-corruption prevention and solution of the private sector and to create cooperation among private companies for anti-corruption. Since CAC website becomes the significant PR channel of all participated companies, it deserves to be supported by civil social sector. Thus, CAC team created the following logo.



In 2017, Ratchthani Leasing Public Company Limited **continued receiving the gold logo, meaning the Company was certified by CAC.** This was publicized in the Company's website. The Company can use this logo to certify its intention and cooperation in anti-corruption for the public awareness and to create confidence to stakeholders, in accordance with Thanachart Group's direction.



Mr. Virat Chinprapinporn
Chairman, Executive Director
Authorized Director



Mr. Charoensook Kititti
Director
Authorized Director



Mr. Kovit Rongwattanasophon
Director & Managing Director
Chairman of Executive Director
Authorized Director



Mr. Anuwat Luengtaweekul
Director
Member of the Nomination
and Remuneration Committee
Authorized Director



Thakol Nunthirapakorn, Ph.D.
Independent Director
Audit Committee (Chairman)



Mr. Surapon Satimanont
Independent Director
Audit Committee (Director)



Mr. Varavudh Varaporn
Independent Director
Audit Committee (Director)
The Nomination and
Remuneration Committee (Director)

DIRECTOR



Mr. Wuttichai Suraratchai
Director / Executive Director
Authorized Director



Mr. Praphan Anupongongarch
Director / Executive Director
Authorized Director



Mr. Suvit Arunanonchai
Independent Director Audit
Committee (Director)
The Nomination and Remuneration
Committee (Chairman)



Asst.Prof. Naengnoi Chai-Onnom
Independent Director
Audit Committee (Director)

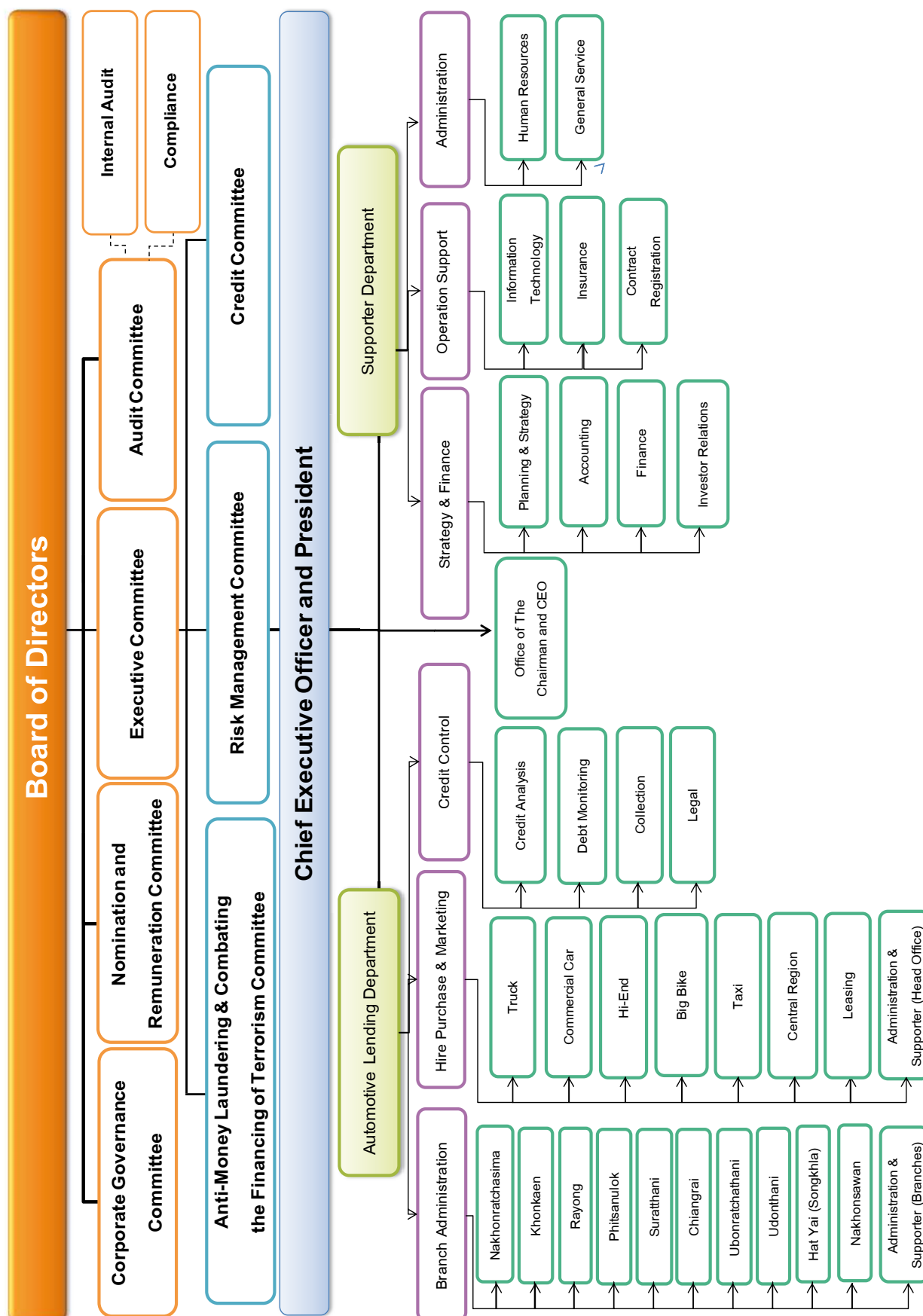


Mr. Anuchart Deeprasert
Director
Authorized Director



Mr. Ekasith Saktanakorn
Director
Authorized Director

Organization Chart



Policy and Business Overview

Ratchthani Leasing Public Company Limited operates loan service business in hire purchase and finance leasing for new and old private automobiles, focusing on commercial vehicles, such as pick up, taxi, tractor and truck, etc. The Company also conducted business related to hire purchase and leasing assets.

Background and Key Development

Background

Ratchthani Leasing Public Company Limited was established on 2nd June 1988 under the original name of “Ratchthani Leasing Co., Ltd.”, with an initial capital of 6 Million Baht. The initial business aimed at the hire purchase loan services for second hand automobiles. Since its establishment, the Company has been increasing its registered capital for the business expansion. Its registered capital was raised to 36 Million Baht in the first year and to 56 Million Baht and 168 Million Baht in 1992 and 1995 respectively.

During the initial stage of business, the Company focused its business on hire purchase loan for second hand automobiles, both to individual retail customers via second hand car dealers and to second hand car dealers as a floor plan credit for their purchase of used cars for sales. The proportion of both customer groups was about the same in the past. However, in 2006, the Company stopped the floor plan credit business since it had the purpose of maintaining the Company's market shares and market expansion in the first place rather than making profits as the main business.

Since 2000, the Company has applied for membership of Thai Hire-Purchase Association to obtain the information of the second hand automobile market for the benefits of the Company's business operations. Currently, the Company's Credit Analyst Department and Marketing Department, with experiences in second hand automobiles, are responsible for recruiting new customers. They have built good relationship with many automobile dealers and regularly visit second hand automobile dealers who are the Company's partners. The Company's partners must be considered and get approval before being the partners according to the Company's criteria and procedures.

Key Development Progress

In Business Operations

- | | |
|-------------|---|
| 2002 | The Company was registered as the public company and changed its name to “Ratchthani Leasing Public Company Limited” in August and was approved to be the listed company on the Stock Exchange of Thailand (SET) on 19 th December 2002. |
| 2003 | The Company had the better information technology development which helped customers communicate to the Company on website and get significant fundamental information, important news, such as reference price of second hand cars. The |

Company also provided the partial payment service and other fees payment service with the Bar Code system and ATM system. All services were to provide more convenience to customers. The Company received the “BBB” credit rating from Tris Rating Co., Ltd.

- 2004** In January, the Company applied for membership of National Credit Bureau to obtain customer's information and use it for considering credit approval and blocking hirers who are not capable to pay back to the Company's leases.
- 2006**
- March** On 22nd March, the Company opened a new hire-purchase service center in Wongwaen – Kanchanaphisek area, Bangkok. The Company planned to open 3 locations within this year in 3 corners of Bangkok to meet retail customer's demand in credit and hire-purchase refinancing for automobiles.
- August** After holding shares of 39.76% of paid-up capital, Siam City Bank Public Company Limited (SCIB) appointed 4 representatives to be Directors of the Company according to its granted ratio.
- 2008** The Company expanded 5 branches in other regions: Khonkaen, Korat in Nakorn Ratchasima province, Pitsanulok, Rayong and Ratchaburi. However, Ratchaburi branch was closed later.
- October** Started leasing service business for corporate customers. Automobile leasing services included fund leasing contract and operating leasing contract. Target customers were the second hand cars of higher than 1 Million Baht value.
- 2010** The Company opened a new branch in Surat Thani to cover the area all over the country.
- 2011** The Company opened a new branch in Chiangrai to cover the area all over the country.
- 2012** The Company got credit rating of “BBB+”, “Stable” outlook, from Tris Rating Co., Ltd.
- 2013** The Company opened a new branch in Ubon Ratchathani to cover the area all over the country.
- 2014** The Company opened a new branch in Udon Thani to cover the area all over the country.
- April**
- August** The Company opened a new branch in Had Yai to cover the area all over the country.
- December** The Company opened a new branch in Nakorn Sawan to cover the area all over the country.

2016

October The Company got credit rating of “A-”, “Stable” outlook, from Tris Rating Co., Ltd.

In Capital**2002**

The Company raised capital for business expansion by increasing registered capital from 168 Million Baht to 208 Million Baht by issuing new common shares of 40 Million Baht to the Company's current shareholders. The Extra Ordinary General Meeting of Shareholders no. 3/2002 on 28th July 2002 had a resolution that the Company changed its status to Public Company Limited and changed its name to “Ratchthani Leasing Public Company Limited.” The resolution also had the Company's registered capital increased from 208 Million Baht to 300 Million Baht by issuing 18,400,000 new common shares with the par value of 5.00 Baht/share. New common shares were allocated to general public for 16,800,000 shares at the par value of 8.00 Baht/share and to the Company's employees for 1,600,000 shares at the par value of 6.40 Baht/share.

2006**January**

On 25th January 2006, Board of Directors had a resolution to allocate 150,000,000 new common shares of the Company and 75,000,000 units of warrants to purchase new common shares of the Company to be offered to Siam City Bank Public Company Limited (SCIB).

February

On 27th February 2006, the Company signed in the Memorandum of Understanding between the Company as seller and Siam City Bank Public Company Limited as Buyer for the Company's common shares of 150,000,000 shares at par value of 1.15 Baht/share, in total value of 172,500,000 Baht, and 75,000,000 units of warrants to purchase new common shares of the Company at no value. The selling and buying transaction depended on the permission from Bank of Thailand or related organization and the result of the Company's asset evaluation by Siam City Bank Public Company Limited.

2010**March**

After Thanachart Bank Public Company Limited purchased Siam City Bank Public Company Limited's common shares from Financial Institutions Development Fund, Thanachart Bank Public Company Limited became the Company's major shareholder, replacing Siam City Bank Public Company Limited, with the shares of 48.35% of paid-up capital.

2011

April The Company registered the increasing capital with the Ministry of Commerce to certify the dividend allocation to current shareholders from 822,593,906 Baht to 904,853,296 Baht of registered capital.

November The Company registered its increasing capital with the Ministry of Commerce from 904,853,296 Baht to 1,342,349,708 Baht. The increasing capital resulted from the shares offered to current shareholders. Thanachart Bank Public Company Limited then became the major shareholder of the Company with 874,973,000 shares, accounting for 65.18% of paid up registered capital.

2013
April The resolution of the Annual General Meeting Shareholders no. 1/ 2013 on 2nd April 2013 approved the raising of registered capital from 1,342,349,708 Baht to 1,610,819,649 Baht by issuing 268,469,941 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 1,610,819,597 Baht (1,610,819,597 common shares) at par value of 1.00 Baht/ share.

2014
April The resolution of the Annual General Meeting Shareholders no. 1/ 2014 on 2nd April 2014 approved the raising of registered capital from 1,610,819,597 Baht to 2,013,524,496 Baht by issuing 402,704,899 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 2,013,522,778 Baht (2,013,522,778 common shares) at par value of 1.00 Baht/share.

2015
April The resolution of the Annual General Meeting Shareholders no. 1/ 2015 on 8th April 2015 approved the raising of registered capital from 2,013,522,778 Baht to 2,416,227,333 Baht by issuing 402,704,555 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 2,416,227,209 Baht (2,416,227,209 common shares) at par value of 1.00 Baht/ share.

Key Events

2014
April The Company signed in the **declaration of intent** of Thailand's Private Sector Collective Action Coalition Against Corruption(CAC)

October The Company was certification for membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), together with Thanachart Capital Public Company Limited and 10 companies of Thanachart Group.

2015	The Company was evaluated by the Anti-Corruption Progress Indicator and got “ Grade 4 –
February	Certified ” from Thaipat Institute, supported by the Office of the Securities and Exchange Commission. This showed that the Company’s Anti-Corruption process was complete and sufficient, examined by the Audit Committee and certified by CAC.
March	The Company was selected to be in the list of ESG100 2015 by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 567 companies registered in SET were selected.
June	The Company received 100 full scores from the evaluation of its Annual General Meeting of Shareholders 2015 (AGM) quality checklist, meaning “ Excellent and worthy as an example ”, by Thai Investors Association.
November	The Company’s result of Corporate Governance 2015 evaluation was “ Very Good ” in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.
2016	The Company was evaluated by the Anti-Corruption Progress Indicator and got “ Grade 5 –
February	Extended ” from Thaipat Institute, supported by the Office of the Securities and Exchange Commission. This showed that the Company’s policy also pushed its business partners, consultants, middlemen or business representatives to have policy and practice of anti-corruption.
April	The Company was selected to be in the list of ESG100 2016 by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 621 companies registered in SET were selected.
June	The Company received 100 full scores from the evaluation of its Annual General Meeting of Shareholders 2016 (AGM) quality checklist, meaning “ Excellent and worthy as an example ”, by Thai Investors Association.
November	The Company’s result of Corporate Governance 2016 evaluation was “ Very Good ” in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.
December	The Company received the Best Company Performance Award 2016 and was considered to be a candidate for the Further Best Company Performance Award in “SET Award 2016” organized by SET and Money and Banking Magazine.
2017	The Company was selected to be the securities element of SET 100 Index for the
January	calculation of 1 st January – 30 th June 2017 by SET.

The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1st January – 30th June 2017 by SET.

May The Company was selected to be the registered securities in the list of **ESG100 2017** by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 656 companies registered in SET were selected.

The Company was selected to be an index of MSCI Global Small Cap by Morgan Stanley Capital International, the benchmark that institutional investors which invest in all regions over the world use as the return on investment indication standard.

June The Company received **100 full scores** from the evaluation of its Annual General Meeting of Shareholders 2017 (AGM) quality checklist, meaning “**Excellent and worthy as an example**”, by Thai Investors Association.

July The Company was selected to be the securities element of **SET 100 Index** for the calculation of 1st July – 31st December 2017 by SET.

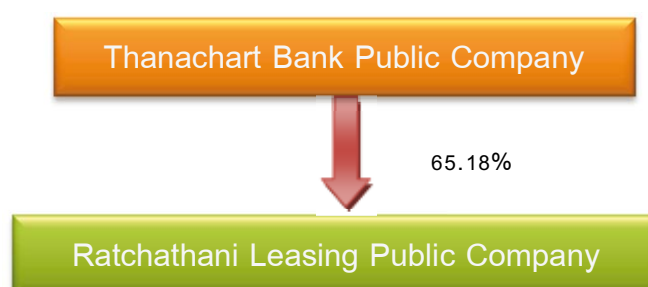
The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1st July – 31st December 2017 by SET.

August The Company received re-certification for membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), together with Thanachart Capital Public Company Limited and 14 companies of Thanachart Group.

October The Company's result of Corporate Governance 2017 evaluation was “**Very Good**” in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.

Relations with Major Shareholder's Business Group

From the data as of 31st December 2017, Thanachart Bank Public Company Limited was the major shareholder of the Company with the following financial business structure:



Nature of Business Operation

Services

The company has operated business on hire-purchase for cars and financial lease. The company has emphasized on vehicle market segments on which it has expertise, such as new and used commercial cars, such as pickup vehicle, taxi, trailer, and truck, etc., and used personal cars (second hand cars.) As of 31st December 2017, hire-purchase for second hand cars contributed 35% of the total loan portfolio. In addition, in 2017, the company focused on hire-purchase for trucks, both new and used ones. Truck hire-purchase contributed 70% while other vehicles hire-purchase contribution was 30%. Ownership of cars was transferred after all installments were fully paid.

Risk of used car hire purchase is fairly high, compared to new car hire purchase. There also is a risk from major customer group of commercial cars, which are sensitive to the overall domestic economy. The company therefore considers several factors when considering credit approval, such as physical conditions of cars, market price, car registration checking, etc. The company has the experienced teams to inspect used car conditions and prices.

In addition to the mentioned hire-purchase services, the company provides several after-sales services, such as car registration renewal, insurance renewal, car inspection before annual tax payment. These services not only serve customers but also are other sources of income for the Company and bring benefits in protecting customers' assets and preventing the company's damage.

Income Structure

The income structure of the Company according to the financial statements for the fiscal year ended 31st December 2015, 2016 and 2017 is shown as follows.

Income	2017		2016		2015	
	MB	%	MB	%	MB	%
1. Income from hire-purchase agreements						
- personal cars	757.35	22.90	533.57	17.87	544.96	19.59
- commercial car	1,972.00	59.63	1,921.21	64.36	1,794.93	64.52
Total income from hire-purchase agreements	2,729.35	82.53	2,454.77	82.23	2,339.89	84.11
2. Income from financial lease accounts	31.26	0.94	29.74	1.00	21.60	0.78
3. Other income						
- Fee and service charge	151.37	4.58	146.73	4.92	134.51	4.84
- Loan default penalty	115.09	3.48	102.96	3.45	96.31	3.46
- Bad debts recovered	7.92	0.24	4.27	0.14	4.78	0.17

Income	2017		2016		2015	
- Commission on insurance Premium	150.29	4.54	126.43	4.24	101.30	3.64
- Other income*	121.95	3.69	120.28	4.03	83.49	3.00
Total other income	546.62	16.53	500.68	16.77	420.39	15.11
Total income	3,307.23	100.00	2,985.19	100.00	2,781.88	100.00

Note: (*) Most of other income came from compensation from debtors, miscellaneous income, interest receivable from banks and dividend.

Market Overview and Competition

In 2017, hire purchase and leasing industry had a signal of growth, compared to the past years, but the business competition remained severe since financial institutions, commercial banks, leasing and hire purchase business of manufacturers and dealers focused on personal car loan market, both new and used cars. Some enterprises adjusted strategies and expand their markets to second hand car loan. However, these enterprises were not considered as direct competitors to the Company because the Company's main target group was commercial car segment, both new and used ones. The competition in this segment was not highly aggressive compared to the personal car segment.

The company's key target customers are individual persons and juristic persons recommended to the Company by second hand car dealers. In 2107, the total amount of hire purchase of individual customers accounted for 80% of total loans. The company was committed to provide efficient, fast, convenient, and friendly services to customers and car dealers. After-sales services and continuous development of after-sales services play the key role for the Company to sustain the existing customer base and expand more to new customer groups who were recommended by existing customers and dealers. From the past experiences, if existing customers repaying all or partial loans wished to buy new cars, they would come for the Company's hire purchase services again. The Company's competitive strategies are summarized as follows.

1. Emphasize on fast services, both pre and post sales, as well as efficiency in customer services. The Company has credit officers working at second hand car dealers' offices and has officers working on car registration ready to coordinate with credit officers to facilitate the loan approval. The Company also realized the importance of the fast and punctual payment to dealers.

2. Emphasize on niche market where the Company has expertise, that is, hire purchase for second hand cars and new and used trucks segments. The company has experiences in this business for more than 25 years. The Company's personnel have good market knowledge and understanding, including expertise in car price appraisal, which is the Company's advantage over new coming competitors.

3. Give priority to a full range of services, such as car registration renewal and car insurance renewal, to provide convenience to customers. It is also another source of revenue for the Company.

4. Create good relationship with customers and second hand car dealers with quality, fast and convenient services. Good returns and consistent services are offered to car dealers. Credit lines are sufficiently and consistently offered to dealers' customers to create the confidence and trust for dealers and create the Company's opportunity to expand business in the future.

5. Emphasize on credits for second hand car dealers who give importance to selling quality cars at reasonable prices, correct car registration and/ or have guarantee for customers. This helps reduce risks on the car quality. The company has recognized that the risks of hire purchase for second hand car business can come from both debtor quality and car condition quality while the risk of hire purchase for new car business comes from the debtor quality only.

6. Give priority to the company's existing personnel and recruit new staff with ability and experience in second hand car market to join credit team. Develop the staff's knowledge and motivate them with remuneration and other benefits.

However, in the next 3 - 5 years, the company has planned to retain commercial car hire purchase ratio at 65 - 70% of the total portfolio of debtors. This segment has been growing consistently, resulting in higher profitability with lower risks compared to personal car segment. (Normally, after seizing collaterals and auctions, the company would sell them at the prices closed to debt amounts.) With this strategy, the company will not compete with large financial institutions which have lower operating costs, and will have higher competitive competency.

In addition, with long experience and business expertise, the Company is able to create competitive advantage, build long-term relationship with and generate good return to second hand car dealers. The Company provides the fast services for customer's satisfaction to keep its market shares and strengthen relationship with dealers in order to increase business opportunities and channels.

Products and Services Provider

The Company's Marketing Division with the experience in second hand car market is responsible for customer acquisition by creating good relationships with second hand car dealers and rotating their working station to offices of second hand car dealers who are the Company's trade partners. The dealers can be the Company's trade partners when they are approved by the Company according to the dealer consideration and process. The Company does not make any contract with those dealers.

Currently, the Company has over 1,000 car dealer partners. All of them are located in Bangkok, perimeter, and key provinces. About 500 of them are regular partners. The Company does not grant credit to customers via any dealers for over 30% of total credit. Normally, the dealers do business with many companies which provide hire purchase service and finance leasing service. The dealers' recommendation on which companies should be selected depend on the following factors:

- Relationships between car dealers and the companies
- Quality and fast services to customers

- Fast and on-time payment to car dealers
- Consistent and sufficient credit lines for services
- Collaboration and support to sales promotion occasionally held by car dealers

However, with business experience and long-term relationships with car dealers, the Company has been a sole credit provider for some large second hand car dealers.

Source and Use of Funds

Sources of the Company's funds for business not only come from the capital but also from the loan from financial institutions. As of 31st December 2015, 2016 and 2017, the Company's sources of funds were summarized as follows.

Item	As of 31 st December					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Shareholders' equity	5,627.30	14.53	5,009.39	15.33	4,564.26	15.82
Loan						
Short-term loan*	17,202.01	44.43	19,959.22	61.06	12,901.31	44.71
Long-term bonds***	15,549.60	40.16	6,528.42	19.97	9,989.37	34.62
Long term loan	339.00	0.88	1,188.97	3.64	1,399.72	4.85
Total loans**	33,090.61	85.47	27,676.61	84.67	24,290.40	84.18
Total	38,717.91	100.00	32,686.00	100.00	28,854.66	100.00

Note: (*) Short-term loans, overdraft, and long-term loans to be paid within 1 year.

(**) Other current liabilities are not counted as liabilities from normal business, such as transfer amount to be written off, creditor - Revenue Department, petty cash, creditor -insurance and others.

(***) Long-term bonds (net from the bond to be paid within 1 year) are the amount before expenses on bond issue to be written off.

As of 31st December 2017, the amount of loans was 33,090.61 Million Baht. The repayment schedule is as follows:

Loan repayment schedule	million baht
Within 1 year	17,202.01
1 - up to 2 years	5,719.82
2 - up to 3 years	10,168.78
Over 3 years	0.00
Total	33,090.61

Regarding the hire-purchase debtors excluding debtors with more than 4-month accrued balances and debtors under prosecution process, the Company has the debtor balances as follows.

Debtor payment	Hire-purchase	Financial lease agreement	Total
Within 1 year	15,784.03	177.05	15,961.08
1 – up to 2 years	12,650.90	151.88	12,802.78
2 – up to 3 years	8,947.91	115.43	9,063.34
Over 3 years	5,722.72	95.60	5,818.32
Total	43,105.56	539.96	43,645.52

As of 31st December 2017, the company had the loans to be paid within 1 year (including overdraft and short-term loans) of 17,202.01 million Baht and the long-term loans to be paid within 1 – up to 2 years of 5,719.82 million Baht. The debtors to be paid within 1 year of 15,961.08 million Baht and the debtors to be paid within 1 – up to 2 years of 12,802.78 million Baht proved that the company had sufficient funding sources to repay the loans to be paid within 1 year since some of short-term loans can be paid up by long-term loans, which is the Company's strategy of financial structure management. The loans to be paid within 1 year composed of overdraft, promissory note of financial institutions and external persons, and long-term loans to be paid within 1 year.

Importance of liquidity has been recognized. The Company considered new sources of fund, that is, long-term loans with fixed interest rate being consistent with debtors' repayment. This reduces interest rate risk and mismatch fund risk, provided that the Company has closely monitored such risks.

Company's Goal and Business Plan in the Next 5 Years

For the last year operation, the Company closely monitored the impact of several domestic and international factors. The Company has collaborated with the management of Thanachart Bank PLC., the major shareholder, to build competitive advantages and define credit strategies. The target groups of the Bank and the Company have been clearly determined to avoid the conflict of interest. The Company utilizes its skills and expertise to expand its leasing ports for the future. The business plans for the next 5 years are as follows:

1. To expand new branches to support vehicles hire purchase services to cover larger area. This is to ensure the efficiency of the fast and correct loan processing services to maximize customer satisfaction.
2. To expand customer base to commercial vehicles segment, such as trucks, big bikes, taxis, across the country via the Company's branches.
3. To expand credit business to specific-purposed vehicles, such as cranes, forklifts, excavators, dozers and others, which require high expertise on price appraisal for both new and used vehicles.

4. To expand credit business to other vehicles, such as airplanes, yachts, to fulfill potential customers' needs in niche market.

5. To revamp the financial structure to reduce business costs and enhance the Company's competitive competency.

6. To retain existing customers and add fast and convenient services to maximize customer satisfaction.

7. To maintain valuable personnel, develop and create credit officers with skills and expertise to support business expansion in the future.

Risk Factors**Risk from Interest Rate Fluctuation**

The Company's main source of income comes from interests earning on leasing calculated at fixed rate while some parts of funding costs are from financial institutions charging loan interest at floating rate. In the situation that the loan interest rate increases while the earning interest rate cannot catch it up, the result is the decrease in Interest spread rate. The Company manages risks by expanding business in hire purchase for various vehicles that yield higher returns and refinancing its loans with financial institutions giving lower loan interest rate. This aims to maintain the interest spread at the equivalent level with the previous rate.

Risk from Mismatch Lending and Borrowing Periods, and Financial Liquidity

Most of leasing companies, including Ratchthani Leasing Public Company Limited, face the risk from the mismatch of lending and borrowing periods, and financial liquidity. The credit periods granted to customers are for 1-5 years while the Company's main long-term loans from financial institutions and others debt installment are about 1-4 years. So the risk occurs from a duration gap and may cause mismatch funds which results in the lack of operational liquidity. The Company acknowledges this risk and manages the risk by classifying the new hire purchase customers into short-term and long-term debtors. The Company also adjusts lending periods in consistent to borrowing periods. The proportion of new sources of funds that gives better matching between borrowing period and lending period is increased to help reduce the period mismatch. Then the Company is able to manage costs of fund more efficiently. The risk on lack of liquidity is lower to the appropriate level in order for the Company to continually conduct its business operation.

Risks of Market and Competition

The automobile industry and the car sales have been growing consistently and have attracted several new players to start their auto leasing and hire-purchase business. Many of them are businesses owned by financial institutions or commercial banks after the Bank of Thailand announced the Financial Sector Master Plan, allowing the commercial banks to freely conduct automobile financing business in Thailand. Automobile manufacturers and dealers, with a large amount of foreign fund and low financial costs, are able to conduct hire-purchase and leasing business, resulting in severe competition in leasing and hire-purchase business, especially the price competition to promote sales.

In 2017, the Company has maintained the hire-purchase for commercial vehicles at 65-70% of the debt value of the Company. The Company believed that this segment continued to grow and gave higher profit margin with lower risk than the personal car segment. (Normally, when the Company impounds such kind of vehicles and auctions to the public, their selling prices are closer to debt amounts

than personal car's price). Therefore, the Company can avoid direct competition with large financial institutions having lower operation costs and can increase the Company's competitive competency.

Risk from Operation of Non-Performing Loans (NPLs)

The risk from operation of NPLs of the leasing business is unavoidable since customers may not be able to repay loans due to their internal problems, such as the need to pay for healthcare, the maintenance cost of the car under installing payment, , and the external factors, such as economic problems, higher oil prices, job termination, natural disasters. These factors cause customers unable to repay on time and generate NPLs. Hence, the Company has focused and emphasized on credit quality control, efficient debt monitoring, good internal control system and strict credit approval policy, in order to minimize risk from NPLs to a certain level that does not affect the overall operation of the Company.

The Company has the risk management process to control the risk caused by the NPLs operation as the follows.

- The Company controls the credit approval quality by checking the customer's payment behaviors with National Credit Bureau Co., Ltd. in order to screen out customers who are incapable of repayment. The credit scoring system is applied to assess the customer's quality as well.
- The Company controls the efficiency of the debt collection based on the number of deferred customers; and the strict debt collection policy to ensure the fastest recovery of overdue debts. Upon missing the first payment schedule, the customer will receive the first warning notice from the Company, and will also be contacted by a credit control officer. The Company then immediately starts the calculation of penalty fee, based on the guidelines from the Office of the Consumer Protection Board (OCPB). OCPB sets the penalty fee rate equal to MRR interest rate of the Krungthai Bank PCL. plus 10% annually. Following the second and the third delayed payments, the credit control officer will send out further notices and contact the customer and the guarantor, and will then issue a report detailing the results of the primary follow-up, as well as his recommendations. If the customer fails to make 3 payments, the credit control officer will submit a report to the Collection Department in order to revoke the hire-purchase contract within 30 days. If the customer does not contact the Company within this period, the Company will proceed with repossession of the contracted vehicle. If the Company is unable to repossess the vehicle, or if the repossessed vehicle can only be auctioned at the lower price than the outstanding debt amount, the Company will subsequently take legal action on the customer and his guarantor in order to minimize the loss as much as possible. Furthermore, the Company will put this customer on the Black List for future reference.

Furthermore, the Company has a reporting system for the current status of the credit quality as well as a credit monitoring process to prevent deferred payment. In the event of a customer delaying his payment, the Company will closely monitor the customer's behavior since the first delayed installment and collect all related information to use as guidelines for risk management on that customer.

Risk from Financing Second-hand Vehicles

The Company's primary business is leasing new and second-hand vehicles which may face the risks of mistakes on vehicle inspection, second hand car pricing evaluation, including selling impounded car under the balanced values of such hire purchase but having to sell according to its present condition, which greatly depends on mileage, condition and brand popularity of such vehicles. As of 31st December 2017, the proportion of second-hand car hire purchase was at approximately 35% of the total hire-purchase and financial leasing value.

The Company implements a measure to minimize such risks with car quality inspection by experienced and expertise staffs together with the strict credit approval. Also, the Company selects second-hand car dealers who meet the standard, offer good quality cars at reasonable price and provide after-sales quality assurance. The Company also analyzes payment behaviors of the customers whom a dealer submits in for the hire purchase application.

Risk from Sales of Impounded Vehicles

After impounding vehicles, the Company will sell them through auctions. In case the auction price is lower than an outstanding value, the Company can demand the remaining value from the customer or the guarantor. However, if the Company cannot claim the balanced debt, then the Company will have to bear the loss. The auctioned price depends primarily on the condition, mileage and the popularity of the repossessed vehicle model, as well as the market situation and the demand at that time. However, the risks of loss arising from selling the impounded second-hand car are generally less than selling a new car because the value against the lifetime of used car declines at higher rate during the early years and will gradually decline after using for longer years.

For the year 2015, the value of second hand car highly dropped down; as a result, sales volume of car industry got higher loss than the previous years'. In 2016 - 2017, the signal of second-hand car price was gradually getting to the balance. However, the Company manages the risk from the sales of the impounded vehicles by monitoring the credit continuously and closely in order to prevent the outstanding installment which will finally leads to the impounding process. The impounded cars will be sold soonest to reduce the loss from decreasing price. Besides, the Company may bring the customers and guarantors to the lawsuits for the repayment of the loss after the repossession in order to minimize the Company's loss. The Company repossessed 734, 611 and 495 vehicles in 2015, 2016, and 2017 respectively. The amounts of loss from sales of the repossessed vehicles were 121.17 million, 90.12 million and 59.01 million Baht in 2015, 2016 and 2017 respectively.

Risk from Depending on the Specialists

The Company's business relies on skilled and experienced employees specializing in second-hand vehicle inspection and pricing estimate. This provides the Company with advantages over competitors since the Company's staffs are the experts having experience in marketing and customer

services. They build good relationships with car dealers continuously by rotating their station to the dealer's offices who are the Company's business partners. A car dealer which is the Company's partner is selected and approved according to the consideration procedures and investigation process specified by the Company. In addition, the Company also emphasized the importance on payments to the dealers fast and on time.

Moreover, the Company encourages the staff to provide convenience in credit approval services to customers and dealers, including paying attention and continuously improving after sales services. Thus, the Company can manage to secure the existing customers and also expand its customer base to the new customer groups who usually get recommendations from both existing customers and dealers. Most existing customers, who have completed their installment payments and who are currently in contract but wish to switch to another car, usually come to use the Company's services again.

Losing such employees will most likely affect the short-term operation. Therefore, the Company sets a policy to retain such expert employees on working at the Company for long-term with various incentives and continuously organize the appropriate training and development programs to those employees.

Risk of Potential Debts in the Future

In the past 3 years, the Company continued to expand its credit business. As of 31st December 2015, 2016 and 2017, the Company had net hire purchase and financial leasing debtors of 28,920.28 million, 32,747.54 million and 38,598.25 million Baht, respectively. It is necessary for the Company to find source of funds or increase lending in the future for the business expansion, which may generate risks in potential future debts.

However, to manage such risks, the Company has been sourcing for funds from various sources, to prevent the risk of potential debt from capital market, money market, bond market, financial institutions and related companies. Hence, the Company has adequate funds for business expansion as planned. To support business operation, the Company has searched for sources of funds with low financial costs under its financial structures and liquidity risks, provided that the benefit of the shareholders and stakeholders is priority.

Shareholders Structure and Dividend Payment Policy

Shareholders

The Company's top ten major shareholders as of 29th December 2017 are in the following list:

No.	Name	No. of shares	%
1.	Thanachart Bank Public Company Limited	1,574,951,400	65.18
2.	Thai NVDR Co., Ltd.	67,949,420	2.81
3.	Mr. Charoensook Kijitti	59,657,318	2.47
4.	SCB Dividend Stock 70/30 Long Term Equity Fund	25,646,400	1.06
5.	Mrs. Naowanart Chamornmarn	20,000,000	0.83
6.	Value Plus LTF	18,168,100	0.75
7.	Mr. Songpol Techakarindra	16,577,500	0.69
8.	Allianz Ayudhya Assurance Public Company Limited	15,500,000	0.64
9.	Mrs. Wilawan Rongwattanasophon	14,010,000	0.58
10.	K Flexible Equity RMF	13,834,500	0.57
11.	Others	589,932,571	24.42
Total		2,416,227,209	100.00
Par value of 1 Baht/share			

Dividend Payment Policy

The Company has a dividend payment policy that if there is no other necessary reason and the dividend payment does not have any significant effect on the Company's operations, the Company will pay dividend for not less than 50% of net profits as stated in the Company's regulations.

Dividend Payment to Shareholders

According to the shareholder meeting resolution no. 1/2015 on 8th April 2015, the dividend resulting from 2014 performance would be paid to shareholders in cash for 0.03 Baht/ share and in common shares of the Company for 402.70 million shares. Current shareholders will receive 1 dividend per 5 current shares, accounting for 0.23 Baht/ share or 65.77% of net profits.

According to the shareholder meeting resolution no. 1/2016 on 1st April 2016, the dividend resulting from 2015 performance would be paid to shareholders in cash for 0.18 Baht/ share, accounting for 58.09% of net profits.

According to the shareholder meeting resolution of 2017 on 4th April 2017, the dividend resulting from 2016 performance would be paid to shareholders in cash for 0.21 Baht/ share, accounting for 57.58% of net profits.

Management Structure

The Committee and Executives of the Company comprises of the qualified professionals according to the Public Company Act and the Notification of the Securities and Exchange Commission.

Board of Directors

As of 31st December 2017, the Company's Board of Directors comprised of 12 members as follows:

	Name	Position
1.	Mr. Virat Chinprapinporn	Chairman
2.	Mr. Kovit Rongwattanasophon	Director
3.	Mr. Charoensook Kijitti	Director
4.	Mr. Wuttichai Suraratchai	Director
5.	Mr. Anuwat Luengtaweekul	Committee
6.	Mr. Praphan Anupongongarch	Director
7.	Mr. Ekasith Saktanakorn	Director
8.	Dr. Thakol Nanthirapakorn, Ph.D.	Independent Director
9.	Mr. Suvit Arunanondchai	Independent Director
10.	Asst. Prof. Naengnoi Chai-onnom	Independent Director
11.	Mr. Varavudh Varaporn	Independent Director
12.	Mr. Surapon Satimanont	Independent Director

Mr. Ponlaphe Sakkayapapwichanon was the Company's Secretary.

Note: Mr. Anuchart Deeprasert resigned from the Company's Director, effective on 16th October 2017. The Board of Directors meeting no. 5/2017 held on 16th October 2017 had resolution to appoint Mr. Ekkasith Saktanakorn to be the Director and Authorized Director to sign on behalf of the Company, replacing Mr. Anuchart Deeprasert, effective from 16th October 2017 onwards.

Authorized Directors on behalf of the Company

The authorized directors on behalf of the Company as specified in the Company certificates were Mr. Virat Chinprapinporn, Mr. Kovit Rongwattanasophon, Mr. Charoensook Kitjitti, Mr. Wuttichai Suraratchai, Mr. Anuwat Luengtaweekul, Mr. Praphan Anupongongarch, and Mr. Ekasith Saktanakorn. The official documents need two out of seven directors to co-sign and the company's seal.

Qualification of Directors

1. Have knowledge, skills and experience in many aspects to support the Company's business operation and have special skills in specific area that brings beneficial effect to the Company. There must be at least one executive director who has experience in the Company's business, regardless of gender.
2. Do not have any qualification prohibited by law and related regulations.
3. Must not hold director position in other companies of the same business or competitive to the Company, no matter for his own or other's benefits unless it is informed to the shareholders meeting before the appointment.
4. Director, executive or relevant person can do the Company's normal business transaction under trade agreement in the way that a normal person would do with a counterpart in the same situation and without influenced bargaining power. This is not applied for transactions prohibited by legal notice or government order.

Authority of Board of Directors

1. Delegate authority to committees, management, executives or other authorized persons within the Board of Directors' scope of authority.
2. Approve credit limit for some customer groups which are approved by Credit Analyst Department when it goes beyond the Executive Committee's scope of approval.
3. Committees can perform the Company's business transactions within their scope of authority. A Chairman or CEO and Managing Directors or at least two other Directors authorized by the Board can sign / co-sign with the Company's seal to do the transactions on behalf of the Company.
4. Can invite the Company's management and staff to be informed, give opinion, attend the meetings or submit documents as deemed necessary.

Scope of Authority of Board of Directors

1. The Board of Directors performs duty according to the law, objectives and regulations of the Company and legal shareholders meeting resolutions.
2. The Board of Directors sets the goal, direction, policy, plan and budget of the Company and oversees and controls the administration and management of the Executive Committee to ensure the compliance with the assigned policy, except for the following issues that need approval from the shareholders meeting before action, that is, the issues for which the law requires the shareholders meeting resolution, such as the capital increase, capital decrease, debenture issue, the Company's business selling, buying or transfer, or merger with other persons, revision of memorandum of association or regulation, and premium payment for directors, etc.
3. The Board of Directors may appoint a number of Directors as considered appropriate to be the Executive Committee which control and oversee the Company's business as assigned by the Board of Directors. One of these Directors shall be appointed to be the Chairman of the Executive Committee. The Executive Committee shall receive the remuneration and premium approved by the Board of

Directors meeting but this shall not affect his/her rights to receive remuneration or other benefits of the Director position.

4. The Board of Directors must ensure the Company's internal control system and internal audit are efficiently implemented. The Audit and Internal Control Department is assigned to monitor, cooperate and coordinate with the Audit Committee.

Executive Committee

As of 31st December 2017, the Company had 6 Executive as follows:

Name	Position
1. Mr. Virat Chinprapinporn	Chairman of Committee
2. Mr. Kovit Rongwattanasophon	CEO and Managing Director
3. Mr. Komsan Boonyoiyad	Deputy Managing Director (Credit Operation and Marketing)
4. Mr. Boonchu Wongpakdee	Deputy Managing Director/ CFO (Corporate Strategy and Chief Financial Officer)
5. Mr. Ponlaphe Sakkayapapwichanon	Senior Assistant Managing Director (Credit Control)
6. Mr. Sootchai Viriyalappa	Assistant Managing Director (Business Support)

Note:

- Definition of Executive was complied with the Office of the Securities and Exchange Commission.

- The position of Assistant Managing Director of Corporate Administration was on process of selection. Meanwhile, it was under supervision of CEO and Managing Director.

Scope of Authority of Chairman of Committee

1. Have authority to order, plan and operate the Company to be in compliance with the policy set by Board of Directors.

2. Have authority to appoint and manage the sub-committees for the benefits and efficiency of the good and transparent management.

3. Have authority to consider the wages, remuneration and bonus for executives and employees.

4. Set up the organization and administration structure to cover all details of employee selection, training, hiring and termination.

5. Have authority to consider the employee welfare to suit the situation, conventional practice and applicable law.

6. Monitor and evaluate the operation and performance according to the policy set by the Board of Directors and consider and recommend the amendment of the policy to the Board of Directors as deemed appropriate.

7. Conduct other duties as periodically assigned by the Board of Directors.

The authorization of the Chairman mentioned above shall not include the authority that entitles the Chairman to approve any transaction with conflict of interest. Any connecting transactions and the Company's assets acquire or release need to get approval from shareholders, as being in compliance with the requirement of SET.

Scope of Authority of Chief Executive Officer and Managing Director

Chief Executive Officer and Managing Director has authority to operate as assigned by Board of Directors under the Company's rules and regulations. The key points of Chief Executive Officer and Managing Director's scope of authority are as follows:

1. Set the mission, objectives, direction, and policy of the Company and oversee the overall operation.
2. Have authority to hire, appoint, discharge, terminate and determine the wages of all employees of the Company.
3. Have authority to issue the order, regulation, announcement, memorandum to ensure the operation complied with the Company's policy and for the Company's benefits and proper discipline.
4. Conduct activities related to the Company's general administration.

The Chief Executive Officer and Managing Director or any person authorized by Chief Executive Officer and Managing Director does not have any authority to do any connecting transactions, transactions regarding the Company's assets acquire or release, and/or transactions with conflict of interest to the Company or the Company's subsidiaries (if any). Such transactions need to be proposed to the Audit Committee for comments and approval and to the Board of Directors and/ or Shareholders Meeting (case by case) for consideration and approval.

Moreover, in the case that the Company or subsidiaries (if any) agree to do the connecting transactions or transactions regarding the Company's or subsidiaries' assets acquire or release according to the applicable requirement of SET and to do the connecting transactions of the registered company or transactions regarding the registered company's assets acquire or release, the Company must comply with the criteria and process declared in related Acts.

The Secretary of the Company

The Board of Directors Meeting no. 4/2013 held on 13th November 2013 had resolution to appoint Mr. Ponlaphe Sakkayapapwichanon as the Secretary of the Company since he was qualified with appropriate maturity, qualification and experience, effective from 13th November 2013. To be complied with the Good Corporate Governance of the Company and for the efficient administration, the Secretary of the Company shall perform the duties as stated in section 89/15 and section 89/16 of the Securities and Exchange Act (No. 4) BE 2551 (2008) effective on 31st August 2008 and the Corporate Governance Policy of the Company with responsibility, caution, and honesty. He must be in compliance with the law, the Company's objectives and regulations, the committee resolution and the shareholders meeting

resolution. The duties of the Secretary of the Company according to the law and the Company's assignment are as follows:

Role and Responsibility of the Secretary of the Company

1. Manage and be responsible for the activities of Board of Directors.
2. Provide the primary recommendation to the Directors regarding legal issues, rules and regulations, including the good corporate governance principles and the ethics which the Directors should practice, and monitor to ensure they were applied correctly and regularly. Any significant changes must be reported to the Directors.
3. Prepare documents and useful information for the new Directors and introduce the business nature and business direction to new Directors.
4. Arrange the shareholders meetings and Board of Directors meetings in compliance with the law, the Company's regulations and other practices.
5. Take minutes of shareholders meeting and Board of Directors meetings and follow up on the actions taken according to the meeting resolutions.
6. Arrange and keep Board of Directors registration documents, invitation letters to Board of Directors meetings, Board of Directors meeting minutes, the Company annual reports, invitation letters to shareholders meetings, shareholders meeting minutes and reports of conflict of interest transactions reported by directors or executives.
7. Manage to have the information and information report under responsibility revealed to Corporate Governance Department according to the official regulations.
8. Contact and communicate to general shareholders for their awareness of shareholder rights and the Company's news.
9. Continuously get training and development on legal, accounting or Company Secretary's duty.
10. Operate other activities required by Capital Marketing Supervisory Board.
11. Perform other duties assigned by Board of Directors.

Remuneration for Directors and Executives

Remuneration in Cash

In 2017, the Company paid remuneration to 4 groups of directors, that is, Board of Directors, Audit Committee, Selection and Remuneration Committee, and Executive Committee, in total of 5,363,038.59 Baht. The remuneration payment was in the form of meeting allowance and premium for directors (accounting for 0.5% of dividend paid to shareholders from 2016 net profits) as follows:

Name of Directors	Meeting allowance for BOD (Baht)	Meeting allowance for Audit Committee (Baht)	Meeting allowance for Selection & Remuneration Committee (Baht)	Meeting allowance for Executive Committee (Baht)	Premium of Directors (Baht)	Total (Baht)
Mr. Virat Chinprapinporn	180,000				247,391.10	427,391.12
Mr. Charoensook Kijitti	100,000				208,149.77	308,149.77
Mr. Kovit Rongwattanasophon	150,000				208,149.77	358,149.77
Mr. Wuttichai Suraratchai	150,000			120,000	208,149.77	478,149.77
Mr. Anuwat Luengtaweekul	125,000		53,000		208,149.77	386,149.77
Mr. Anuchart Deeprasert*	125,000				208,149.77	333,149.77
Mr. Praphan Anupongongarch	150,000			100,000	208,149.77	458,149.77
Mr. Thakol Nanthirapakorn,Ph.D.	150,000	180,000			208,149.77	538,149.77
Mr. Surapon Satimanont	125,000	150,000			208,149.77	483,149.77
Mr. Varavudh Varaporn	150,000	150,000	53,000		208,149.77	561,149.77
Mr. Suvit Arunanondchai	125,000	125,000	65,000		208,149.77	523,149.77
Asst. Prof. Naengnoi Chai-onnom	125,000	150,000			208,149.77	483,149.77
Mr. Ekasith Saktanakorn*	25,000					25,000.00
Total	1,680,000	755,000	171,000	220,000	2,537,038.57	5,363,038.59

Note: *Mr. Anuchart Deeprasert resigned from the Company's Director effective on 16th October 2017. The Board of Directors Meeting no. 5/2017 held on 16th October 2017 had resolution to appoint Mr. Ekasith Saktanakorn to be the Company's Director and authorized Director on behalf of the Company, replacing Mr. Anuchart Deeprasert, effective from 16th October 2017 onwards.

Remuneration for Executives

In 2017, the Company had 6 Executives who received remuneration in form of monthly salary, annual bonus and provident fund.

	2017	2016	2015
Number of Executives (persons)	6	6	6
Total amount of Executive Remuneration (Baht)	32,685,500	26,124,600	25,188,202

Other Compensations

The Company set up the provident fund according to SET requirement. Employees of the Company are entitled to membership of the provident fund. The Company's contribution to the provident fund is as follows:

- Members can allocate for their savings to the provident fund at the higher amount than the Company's contribution but must not be higher than 15% of their wages.

- The Company's saving contribution will be paid to the provident fund at the rate of 5% of wages.

The rate for Executives is as follows:

Other compensations	2017	2016	2015
Contribution to provident fund (Baht)	1,014,000	959,730	903,600



Remuneration for Employees

The Company has a policy to consider remuneration for knowledge, skills and responsibilities of employees with equality. The consideration is based on employee's performance and the surveyed rate or remuneration of other equivalent companies in the same industry in SET.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company	Relationship	Period	Experience	
						Position	Company
1. Mr. Virat Chinprapinporn Chairman Executive Director Authorized Director Effective Date 28 th July 2002	57	- Master of Business Administration (MBA), City University, USA - Bachelor of Business Administration (Finance) Seattle University, USA <u>Certificate of Attendance</u> - Tourism Management Program for Executives:TME, class of 1/ 2017 TAT Academy - Executive Program in Business, Industry Development and Investment Development (3/2016) Institute of Business and Industrial Development (IBID) - Top Executive Program in Commerce and Trade (TEPCoT) Class 8 Commerce Academy University of the Thai Chamber of Commerce. - Executive Program (CMA), Class of 16/2013 Capital Market Academy. - DAP and DCP class of 40/2004 Thai Institute of Directors (IOD)	5,040,000 0.21%	None	2003 – Present 2002 - Present	Chairman / Executive Director Chairman	Ratchthani Leasing Public Co., Ltd. Baan Rock Garden Public Co., Ltd.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
2. Mr. Kovit Rongwattanasophon Director Chairman of Executive Director Chief Executive Officer and President Authorized Director Effective Date 28 th July 2002	56	- Master of Business Administration (MBA) Southeastern University, USA - Bachelor of Art (Political Science) Ramkhamhaeng University <u>Certificate of Attendance</u> - Executive Program class of 25/2017 Capital Market Academy (CMA) - DAP class of 19/2004 Thai Institute of Directors (IOD)	8,601,160 0.36%	None	2002 - Present 1989 - Present	Chairman of Executive Director Chief Executive Officer and President	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd.
3. Mr. Charoensook Kjitti Director Authorized Director Effective Date 28 th July 2002	79	<u>Certificate of Attendance</u> - DAP class of 19/2004 and DCP class of 53/2005 Thai Institute of Directors (IOD) - Modern Management Course Faculty of Commerce & Accountancy Chulalongkorn University - Modern Management Course Faculty of Commerce & Accountancy Thammasat University	59,657,318 2.47%	None	2005 - Present 2001 - Present 1993 – Present 1989 – Present 1973 - Present	Chairman Chairman Chairman Director Chairman	City Mansion Bangwah Co., Ltd. Charoensook Puedphol Co., Ltd. Realty & Property Management Co., Ltd. Ratchthani Leasing Public Co., Ltd. Charoensook Hoonchiew Pharmacy Co., Ltd.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
4. Mr. Anuwat Luengtaweekul Director Member of the Nomination and Remuneration Committee Authorized Director Effective Date 10 th November 2010	54	- Master of Business Administration Rangsit University - Bachelor of Science (Accounting) Kasetsart University Certificate of Attendance - Board and Performance Evaluation Program Thai Institute of Directors (IOD) - Role of Compensation Committee (RCC) class of 21/2016 - How to Measure the Success of Corporate Strategy (HMS) 4/2014 - Successful Formulation & Execution the Strategy (SFE) 3/2009 - Director Certification Program (DCP) class of 24/2002 - Financiers Executive Development Program class of 9/1994 Finance Company Association	None	None	2017 – Present 2016 – Present 2012 – Present 2010 – Present 2010 2009 – 2017 2007 - 2009	Executive Vice President Retail & Small Business Distribution Independent Director / Audit Committee Member of the Nomination and Remuneration Committee Director Director Deputy Managing Director / Chief Financial Officer Executive Director and Deputy Managing Director	Thanachart Bank PLC. Information & Communication Networks Co., Ltd. Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Siam City Bank PLC. Thanachart Bank PLC. Thanachart Capital PLC.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company	Relationship	Period	Experience	
						Position	Company
5. Mr. Praphan Anuponggarch Director Executive Director Authorized Director Effective Date 10 th November 2010	54	- Master of Development Administration National Institute of Development Administration (NIDA) - Bachelor of Business Administration, (Marketing) Sukhothaimathiraj University - Bachelor of Mathematical Science, King Mongkut's University of Technology Thonburi Certificate of Attendance - DCP class of 173/2012 & SFE class of 22/2014 Thai Institute of Directors (IOD)	None	None	2016 – Present 2010 – Present 2010 – Present 2014 – 2016 2010-2014	Executive Vice President Automotive Lending Director / Executive Director Director Executive Vice President Automotive Lending Executive Vice President Secured Lending and Deposits	Thanachart Bank PLC. Ratchthani Leasing Public Co., Ltd. Thanachart Insurance Co., Ltd. Thanachart Bank PLC. Thanachart Bank PLC.
6. Mr. Wuttichai Suraratchai Director Executive Director Authorized Director Effective Date 24 th July 2006	54	- Master of Business Administration (MBA), Thammasat University - Bachelor of Accounting (First Class Honour) Thammasat University - Bachelor of Economics, Ramkhamhaeng University Certificate of Attendance - DAP class of 60/2006 and DCP class of 173/2013 Thai Institute of Directors (IOD)	None	None	2011 – Present 2006 – Present 2009 – 2010 2007 – 2008 2004 - 2007	Assistant Managing Director Credit Risk Analysis Director / Executive Director Senior Assistant Managing Director Credit Management Assistant Managing Director Credit Management Assistant Managing Director Medium sized Corporate	Thanachart Bank PLC. Ratchthani Leasing Public Co., Ltd. Siam City Bank PLC. Siam City Bank PLC. Siam City Bank PLC.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
7. Mr. Anuchart Deeprasert Director Authorized Director Effective Date 10 th November 2010	57	- Master of Business Administration (MBA), Mahanakorn University of Technology - Bachelor of Economics, Major in Finance, Ramkhamhaeng University Certificate of Attendance - DAP class of 89/2011, DCP class of 237/2017 and SFE class of 31/2017 Thai Institute of Directors (IOD)	None	None	2013 – Mar. 2017 2010 – Oct. 2017 2010 – Oct. 2017 2000 – 2010 2000 – 2010 2000 – 2010 2000 – 2010	Chairman Senior Director Hire Purchase and Credit Marketing Auto Dealer Director Director Director Director Director	Thai Hire-Purchase Association Thanachart Bank PLC. Ratchthani Leasing Public Co., Ltd. National Leasing Co., Ltd. T-Leasing Co., Ltd. Thanachart Group Leasing Co., Ltd. Sinkehakam Co., Ltd.
8. Mr. Ekasith Saktanakorn Director Authorized Director Effective Date 16 th October 2017	47	- Master of Business Administration (MBA) Butler University, USA - Bachelor of Economics Bangkok University Certificate of Attendance - Security Investment Consultant Program Association of Thai Securities Companies - Advanced Insurance Science Program class of 4/2014 - Life Insurance Broker License - Non-Life Insurance Broker License	None	None	Oct. 2017 – Present 2014 – Present 2011 - 2013	Director Managing Director Director of Marketing and Consumer sales	Ratchthani Leasing Public Co., Ltd. Thanachart Broker Co., Ltd Thanachart Bank PLC.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
9. Mr. Thakol Nunthirapakorn, Ph.D. Independent Director Chairman of Audit Committee Effective Date 28 th July 2002	72	- Ph.D. Degree (Accounting, MIS, Economics), University of Arkansas, USA - MBA. (Quantitative Analysis) Northeast Louisiana University, USA - B.S. (Finance) West Liberty State, USA - High Vocational Certificate (Financial Banking) University of the Thai Chamber of Commerce Certificate of Attendance - Chairman Forum and IOD Breakfast Talk class of 2/2016 - DCP class of 228/2016, ELP class of 3/2016 - ACP class of 8/2005 - DAP class of 8/2004 Thai Institute of Directors (IOD) - TFRS9, IFRS16 The Securities and Exchange Commission Thailand (SEC)	371,004 0.02%	None	Present Present 2015 – Present 2002 – Present 2014 – 2015 2006 – 2011 2012 – 2015	University Sub – Committee Special Instructor (Faculty of Business Administration) Chairman / Chairman of Audit Committee Chairman of Audit Committee / Independent Director Chairman of Audit Committee Vice President for Business Administration Dean of Faculty of Accounting	The University of Thai Chamber of Commerce National Institute of Development Administration (NIDA) Ham Engineering Solutions PLC. Ratchthani Leasing Public Co., Ltd. Fire Victor PLC. The University of Thai Chamber of Commerce The University of Thai Chamber of Commerce

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
10. Mr. Suwit Arunanondchai Independent Director Audit Committee (Director) Chairman of Nomination and Remuneration Committee Effective Date 22 nd February 2011	68	- Program for Management Development (PMD 1985) Harvard Business School Harvard University, USA - Bachelor of Art, Louisiana Tech University, USA Certificate of Attendance - Board Matters & Trends (BMT class of 3/2017) - Boardroom Success through Financing & Investment (BFI) class of 1/2017 - Successful Formulation and Execution of Strategy (SFE) class of 23/2015 - Role of The Compensation Committee (RCC) class of 18/2014 - Advanced Audit Committee Program (AACP) class of 15/2014 - Quality Financial Reporting class of 2/2006 - Audit Committee Program (ACP) class of 4/2005 - Director Certification Program (DCP) class of 14/2002 - Director Diploma Examination (Fellow Member) Thai Institute of Directors (IOD) - Executive Program class of 8/2009 Capital Market Academy - TFRS9 and IFRS16 The Securities and Exchange Commission Thailand (SEC)	None	None	2016 – Present 2014 – Present 2012 – Present 2011 - Present	Independent Director / Audit Committee / Nomination & Remuneration Committee Independent Director / Audit Committee / Chairman of Nomination & Remuneration Committee Chairman of Nomination & Remuneration Committee Director / Audit Committee	Thai Nippon Rubber Industries PLC. Netbay PLC. Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
12. Mr. Varavudh Varaporn Independent Director Audit Committee (Director) Member of the Nomination And Remuneration Committee Effective Date 14 th December 2009	69	- Master of Public Administration (M.P.A.) Chulalongkorn University - Bachelor of Laws (LL.B.) Thammasat University Certificate of Attendance - AACP class of 25/2017 - RCC class of 19/2014 - DAP class of 82/2010	None	None	2012 – Present 2009 - Present 2005 – 2008 2003 - 2004	Nomination & Remuneration Committee Director / Audit Committee Advisor on Performance Efficiency Vice President	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Department of Lands Ministry of Interior Department of Lands Ministry of Interior
13. Mr. Surapon Satimanont Independent Director Audit Committee (Director) Effective Date 28 th July 2002	56	- M.A. Business Webster University, USA - Master of Comparative – Jurisprudence Howard University, USA - Master of Laws (LL.M.) Southern Methodist University, USA - Master of Laws (LL.B.) Ramkhamhaeng University Certificate of Attendance - DCP class of 40/2004 Thai Institute of Directors (IOD) - Anti – Corruption for Executive 2014 Thanachart Bank PLC.	7,499,181 0.31%	None	2017 – Present 2015 – Present 2015 – Present 2015 – Present 2005 – Present 2002 - Present	Director / Chairman of Audit Committee Director / Independent Director Fund Director Deputy Managing Director / Audit Committee Director / Chairman of Audit Committee Director / Audit Committee	Hybrid Energy Co., Ltd. Sumitomo Mitsui Trust Bank (Thai) PLC. Amethyst Asia Focused Fund 2 S Metal Public Co., Ltd. Baan Rock Garden PLC. Ratchthani Leasing Public Co., Ltd.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company %	Relationship	Period	Experience	
						Position	Company
14. Mr. Khomsan Boonyoiyad Deputy Managing Director	52	- BBA. Industrial Management Siam University Certificate of Attendance - Executive Program Faculty of Commerce & Accounting Thammasat University	None	None	Mar. 2017 - Present 2009 – Present 2015 – Mar. 2017 2002 – 2008 1997 - 2002	Vice President Deputy Managing Director Marketing Director and Secretary Assistant Managing Director Credit Credit Department Head	Thai Hire-Purchase Association Ratchthani Leasing Public Co., Ltd. Thai Hire-Purchase Association Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd.
15. Mr. Boonchu Wongpakdee Deputy Managing Director / CFO	42	- Master of Business Administration (MBA), Accounting for planning & control Kasetsart University - Bachelor of Business Administration (Accounting) Kasetsart University Certificate of Attendance - Boardroom Success through Financing & Investment (BFI) class of 2/2017 Thai Institute Directors (IOD) - Chief Financial Officer Certification Program (CFO) Class of 15/2011 Of His Majesty The King Federation of Accounting Professions under the Royal Patronage	None	None	2016 – Present 2011 – 2016 2004 – 2011 2003 – 2004 2000 - 2003	Deputy Managing Director Corporate Strategy and Finance Senior Assistant Managing Director Accounting & Finance Accounting Director Accounting & Finance Manager Assistant Accounting & Finance Manager	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Baan Rock Garden PLC. Baan Rock Garden PLC. Linklaters (Thailand) Co.,Ltd.

List of Company's Authorized Persons, Directors, Executives and Company Secretary

The followings are the Company's Authorized Persons, Directors, Executives and Company Secretary, as shown :

Name - Lastname	Age	Education / Training Record	Shareholding in the Company	Relationship	Period	Experience	
						Position	Company
16. Mr. Ponglaph Sakayapapwichamon Senior Assistant Managing Director Company Secretary	47	- Master of General Management (MGM) College of Management Mahidol University - Bachelor of Business Administration (Marketing) Assumption University <u>Certificate of Attendance</u> - CSP class of 20/2006 and EMT class of 5/2006 Thai Institute of Directors (IOD) - Bachelor of Art (Political Science) Ramkhamhaeng University	% 5,500,028 0.23%	None	2017 – Present 2013 – Present 2002 - 2016	Senior Assistant Managing Director Audit and Monitoring Company Secretary Assistant Managing Director Audit and Monitoring	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd.
17. Mr. Sootchai Viriyalappa Assistant Managing Director	58	- Bachelor of Art (Political Science) Ramkhamhaeng University	None	None	1991 - Present	Assistant Managing Director (Finance)	Ratchthani Leasing Public Co., Ltd.
18. Ms. Unchan Srisom Department Director : Accounting and Strategic Planning	41	- Bachelor of Business Administration (Accounting) Sukhothai Thammathirat - Bachelor of Business Administration (Finance) Rajamangala University of Technology Thanyaburi <u>Certificate of Attendance</u> - Micro MBA Chula 2015 Faculty Commerce and Accountancy Chulalongkorn University	None	None	2017 – Present 2012 - 2017 2014 – 2017 2010 - 2012	Department Director : Accounting and Strategic Planning Accounting Manager Strategic Planning Manager Assistant Accounting Manager	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. NCC Image Co., Ltd.

Change in Shareholding of Directors and Executives Report in 2016-2017

(as of 31st December 2017)

No	Name	Position	No. of shares held as of 31 st Dec. 2017	No. of shares held as of 31 st Dec. 2016	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
1.	Mr. Virat Chinprapinporn Spouse and minor child	Chairman/ Executive Director -	5,040,000 -	5,040,000 -	- -	0.21 -
2.	Mr. Charoensook Kijitti Spouse and minor child	Director -	59,657,318 1,437,212	89,657,318 1,437,212	(30,000,000) -	2.47 0.06
3.	Mr. Kovit Rongwattanasophon Spouse and minor child	Director/ Chairman of Executive Committee/ Managing Director -	8,601,160 -	8,601,160 -	- -	0.36 -
4.	Mr. Anuwat Luengtaweekul Spouse and minor child	Director/ Executive Director/ Nomination & Remuneration Director -	- -	- -	- -	- -
5.	Mr. Praphan Anupongongarch Spouse and minor child	Director/ Executive Director -	- -	- -	- -	- -
6.	Mr. Wuttichai Suraratchai Spouse and minor child	Director/ Executive Director -	- -	- -	- -	- -
7.	Mr. Anuchart Deeprasert Spouse and minor child	Director -	- -	- -	- -	- -
8.	Mr. Thakol Nanthirapakorn, Ph.D. Spouse and minor child	Independent Director/ Chairman of Audit Committee -	371,004 -	371,004 -	- -	0.02 -
9.	Mr. Suvit Arunanondchai Spouse and minor child	Independent Director/ Audit Director/ Chairman of Nomination & Remuneration Committee -	- -	- -	- -	- -
10.	Prof. Naengnoi Chai-Onnom Spouse and minor child	Independent Director/ Audit Director -	- -	- -	- -	- -

Change in Shareholding of Directors and Executives Report in 2016-2017(as of 31st December 2017)

No.	Name	Position	No. of shares held as of 31 st Dec. 2017	No. of shares held as of 31 st Dec. 2016	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
11.	Mr. Varavudh Varaporn	Independent Director/ Audit Director/ Nomination & Remuneration Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
12.	Mr. Surapon Satimanont	Independent Director/ Audit Director	7,499,181	7,499,181	-	0.31
	Spouse and minor child	-	-	-	-	-
13.	Mr. Komsan Boonyoiyad	Deputy Managing Director - Marketing	-	-	-	-
	Spouse and minor child	-	-	-	-	-
14.	Mr. Boonchu Wongpakdee	Deputy Managing Director , Corporate Strategy and Finance	-	-	-	-
	Spouse and minor child	-	-	-	-	-
15.	Mr. Ponlaphe Sakkayapapwicharnon	Senior Assistant Managing Director, Audit and Monitoring	5,500,028	7,500,028	(2,000,000)	0.23
	Spouse and minor child	-	-	-	-	-
16.	Mr. Sootchai Viriyalappa	Assistant Managing Director, Finance	-	-	-	-
	Spouse and minor child	-	-	-	-	-
17.	Ms. Unchan Srisom	Accounting and Strategic Planning Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-

Corporate Governance

Corporate Governance Policy and Business Ethics

The Board of Directors has realized the importance of business operation based on the good corporate governance under the guidelines of the Stock Exchange of Thailand. Therefore, the Board of Directors has agreed to assign the Board of Directors to perform and take responsibilities as the Corporate Governance Committee, as well as determining the agenda on the topic of corporate good governance as the regular meeting agenda of the Board of Directors.

The Board of Directors is the one who initiates, sets up and approves the Corporate Governance Policy in written, including Business Ethics and code of conduct for directors, executives and staff, which everyone shall take as practices in work and in treatment to all stakeholders. They are publicized in the Company website (www.ratchthani.com)

The Board of Directors designate the regular review of the Corporate Governance Policy, Business Ethics and charter of Committees every year or at least once a year to ensure its compliance with the SET's policy and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) which is applied as deemed appropriate. If there is any non-compliance, the Company needs to declare the reason and/or the substituted measure that the Company uses as the guideline of every director, executive and staff.

Some issues that are not in compliance with the Good Corporate Governance principles but the Company has policy to work its best as deemed appropriate are as follows:

Non-compliance issues	Reason/ Necessity
The Company did not have a policy to limit the period of Independent Director position for no longer than 9 years.	The Board saw that each Director joining the Company was high potential with knowledge, ability, and judgment of decision making. His/her working experience with the Company made him/her have deep understanding in the Company's business and was able to set business strategy to help the Company grow continuously. Every Director had complete qualification which was even higher than the requirement set by the Office SEC.
The number of Independent Directors was not higher than 50% of the Board of Directors.	The Board of Directors thought that the number of Independent Directors depended on the responsibility and efficiency of the operation which was in compliance with the SEC criteria. Although the number of Independent Directors was not higher than 50% of Board of Directors members, the Independent Directors were able to balance the executive authority, performed their duties independently from the Management and gave their opinions in all matters independently. Thus, the Board agreed to maintain the number of Independent Directors as such.

The Good Corporate Governance Principles according to SET guideline are divided into 5 categories as follows:

1. Rights of Shareholders

The Board of Directors realized the ownership rights which were executed through the Board of Directors who were appointed to use the rights, on behalf of shareholders, to make decision on significant changes of the Company. Thus, the Board of Directors encouraged shareholders to use their basic shareholder rights, such as buying, selling or transferring shares, taking profits sharing, receiving sufficient information of the Company. Shareholders should be aware of the criteria and procedure of meeting attendance, have information of each agenda sufficient for consideration before attending the meeting and have opportunities to ask and send questions to the committee before the meeting. Moreover, the Board of Directors was aware of the importance of shareholder rights and shall not do any action that could violate or diminish those rights.

As for the shareholders meeting arrangement, the Board of Directors recognized the shareholders rights and shall not hold the meeting on long holidays or public holidays. As for the place of the meetings, the Annual General Meeting of Shareholders in 2017 was held at the meeting room of Sinnsathorn Tower, 11th Floor, Krung Thonburi Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok, which is the Company's head office location, nearby the BTS station and the expressway exit, concerning the transportation convenience for attending shareholders.

The Company sent the meeting invitation letters enclosed with the documents of each agenda to the shareholders 14 days prior to the meeting date, in accordance with the Company's regulations, and have them disclosed on the Company's website. In 2017, the Company publicized the meeting invitation letter for the 2017 Annual General Shareholders Meeting on 3rd March, 2017. The objectives on each agenda, and reasons with recommendations of the Board of Directors of Directors were included. Moreover, the Company has set the policy to facilitate and support all investor groups, including institutional investors, to participate in the shareholders' meeting.

In 2016, the Company received 100 full scores from the 2016 Annual Generation Meeting of Shareholders (AGM) Quality Assessment Program, meaning "Excellent and worthy as an example", by Thai Investors Association. The Company continuously received this honor for the second year.

In 2017, the Company received 100 full scores from the 2017 Annual Generation Meeting of Shareholders (AGM) Quality Assessment Program, meaning "Excellent and worthy as an example", by Thai Investors Association. The Company continuously received this honor for the third year.

2. Equitable Treatment to Shareholders

Shareholders Meetings Management

The Company held the 2017 Annual General Meeting of Shareholders on 4th April, 2017 at the meeting room of Sinnsathorn Tower, 11th Floor, Krung Thonburi Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok.

Invitation Letter of Shareholders Meeting

The Company recognizes the importance of equitable treatment to all shareholders. Thus, the Company shall disclose significant, correct, timely, and transparent information to shareholders regularly. The Company sent the invitation letter of the shareholders meeting including related documents on each agenda to the shareholders 14 days prior to the meeting date, in accordance with the Company's regulations, as well as announced such invitation letter in the newspaper and the Company's website. The objective and reason with the recommendations of the Board of Directors on each agenda were attached for the review of the shareholders. In addition, the Company has offered the alternatives for the shareholders to authorize the Independent Directors of the Company to be their representatives in case that the shareholders could not attend the meeting.

Shareholders Meeting Day

The Shareholders Meeting was set to be at the Company's head office which has convenient transportation and proper and sufficient registration area. The attending shareholders could register at least 2 hours before the meeting. The Company prepared duty stamps for the shareholders who gave or obtained the power of attorney, as well as the light meals for the shareholders. In this meeting, the Chairman notified the details of quorum and the Company Secretary explained the voting method, the vote counting, and the vote casting procedure, and disclosed the vote counts on each agenda. The meeting gave the shareholders opportunity to ask questions or give opinion adequately and properly. In the 2017 Annual General Meeting of Shareholders, there were 10 Directors attending the meeting, consisting of the Chairman of the Board of Directors, the Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee, Chief Executive Officer and Managing Director, Chief Financial Officer, the Company's auditors, the Company Secretary and the Board of Directors Secretary, including independent legal consultants.

After Shareholders Meeting Day

The Company informed the meeting resolutions through the Stock Exchange of Thailand Portal on the same day after the meeting was finished. The Company submitted the minutes of the Annual General Meeting of Shareholders and disclosed such minutes on the Company's website (www.ratchthani.com) within 14 days from the meeting day.

Measure for Conflict of Interest Transaction

In case that the Company or subsidiaries (if any) have any connecting transactions or acquire or release the Company's significant securities as per SET criteria, the Company must follow the SET principles. In case that the Company needs agreement from shareholders to do connection transactions or acquire or release the Company's significant securities, the Company must receive not less than one third of total votes of attending shareholders or proxies of shareholders who are entitled to vote while the vote of shareholders who are stakeholders are not counted.

Measure for Inside Information Control

The Company designated that its Directors and Executives must report the changes in their securities holding to the Office of Securities and Exchanges Commission. Section 59 of the Securities and Exchange Act BE 1992 prohibits any director, executive or function having inside information to disclose such information to external persons who are not related to the duty in the Company and to sell or buy the Company's securities during 30 days before the end of each quarter until the following day of the information disclosure day when the Company discloses its financial statement and status to the Stock Exchange of Thailand.

3. Rights of the stakeholders

The Company recognizes the importance of the rights of all stakeholder groups, both the internal stakeholders, such as the Company's executives and employees, and the external stakeholders, such as shareholders, customers, partners, creditors, competitors, government sector, and other related regulatory agencies, no matter where those rights originate from, either by legal designation or by mutual agreement in the society, community and environment. The Company has realized that the good relationship and cooperation from these stakeholders can enhance its competitiveness and add values to the Company which lead to its long-term success. The significant details are as follows:

3.1 Shareholders

The Company is committed to conduct business for the good result in continuously growing profits, concerning the risk management and good internal control system. The Company has also built the competitive competency to give the shareholders the appropriate return on investment and to create long-term added value. The information shall be disclosed correctly, completely, timely and transparently. Shareholders shall receive convenience to fully use their rights. The Company has been treating its shareholders under the good corporate governance principles.

3.2 Customers

The Company is committed to willingly provide customer services to serve customers' needs with equality and fairness. Customers are taken care of with quality, standard, fast and punctual services. Customer's information shall be kept confidential unless required for disclosure by law or permitted in written by customers. Information technology is applied for customer support to create highest customer satisfaction.

3.3 Partners

The Company clearly set the policy and principles of the fair treatment to trade partners, especially for the trade partner selection. The selection criteria were based on the comparison of conditions, prices, qualities and services, which were transparent and could be examined. The Company shall follow the agreement to develop and maintain long term partnership while keeping the value of products and services up to the requirement. The ultimate objective is to build the efficient long term business partnership.

3.4 Creditors

The Company shall strictly practice according to the contract and obligation towards creditors, in the aspects of spending objectives, payment and any other matters agreed upon the creditors. The Company shall disclose the financial information and statement to creditors completely, correctly and sufficiently. The capital management strategy is determined to prevent the Company from the lack of liquidity and to be ready to pay back to creditors on time regularly.

3.5 Competitors

The Company focuses on conducting business with ethics and fairness under the rules, regulations and legal framework. The Company shall not blame or destroy trade competitors, shall not seek for confidential information of trade competitors with dishonest or inappropriate methods and shall not do any action that violate human rights or intellectual property of any person.

3.6 Society, Community, Environment

The Company conducts business with the care for society, community and environment by being in compliance with the law and regulations in various aspects in order to avoid taking advantages of the social community. The Company concerns on the responsibility of and recognizes the value of social benefits and environment preservation. CSR activities have been conducted with employee participation to support the society and community development.

3.7 Government Sector and Related Regulatory Agencies

The Company conducts business in compliance with the rules and regulations of official requirements and related regulatory agencies and cooperates with the practices of government sector's policy. The Company is not involved with or conducting business with any company or any person violating the law and shall not do any action in any case that can cause the corruption in government sectors.

3.8 Employees

The Company realized that every employee is valuable and plays important role in business driving. So the Company has continuously supported the development and training programs for employees of all levels. Moreover, the Company provides employees with equal treatment, appropriate and fair remuneration and welfare. The welfare for employees includes annual physical check-up, provident fund to promote employees' savings for their insurance after retirement, and good working environment for employees' safety and efficiency.

Furthermore, the Company set up the channels to receive customer's suggestion and complaints and for stakeholders to file their complaints on violated rights. Those channels include the Company's website (www.ratchthani.com), Call Center services, electronics mails (callcenter@thani.co.th), etc. The department in charge will follow up on the complaints and contact back to the complainants or customers and will improve the services to better meet customer's demand and satisfaction.

As for the whistle blowing or complaints relating to the corruption, there is a special channel which is responsible by Internal Audit department. The Company has the policy and measure to protect the whistle blowers as mentioned in Anti-Corruption section. Such cases will be directly reported to the Audit Committee and the Board of Directors respectively.

4. Information Disclosure and Transparency

The Company recognizes the importance of the information disclosure that can have effect on the change of the Company's securities prices or the investment decision making or the benefits of shareholders. The shareholders, general investors, and institutional investors shall acknowledge the significant news fast, equally and sufficient for decision making. Meanwhile, the confidentiality of business details and key strategies must not be disclosed since they can affect the Company's competitive competency. Moreover, the Company requires its directors and executives to report their securities selling and buying to the Board of Directors meetings every quarter. All directors and executives are also required to report their or related persons' stakes concerning the Company's administration and management to the Company.

4.1 Information Disclose according to Listed Company Regulations

The Company gives importance to the information disclosure that is correct, complete, credible, regular, and timely. This applies to the significant information concerning the performance and financial statement according to the SEC and SET Acts. The information shall be disclosed in the Annual Information Form 56-1 and Annual Report 56-2 and also in other channels, such as the Company's website (www.ratchthani.com) in both Thai and English languages. This will help shareholders or investors access to the information easily, conveniently, thoroughly and equally. The Management Discussion and Analysis: MD&A is also provided with the quarterly and annually financial statement disclosure in the SET Portal.

As for the 2017 financial statement, the Company appointed EY Office Co., Ltd. to be its auditor. This auditor appointment and audit fees were approved by the 2017 Annual General Meeting of Shareholders. The appointed company is an independent company certified by the Office of the Security and Exchange Commission. The auditor certified the financial statements of the Company with no condition.

4.2 Investor Relations Function

The Company assigned the Office of Managing Directors and Strategic Planning to be responsible for the Investor Relations and the Company's secretarial functions. They can be reached for the Company's information request, including financial information and general information for shareholders, analysts, general investors, credit rating institutions and related regulatory agencies. The contact can be made through the telephone number 02-431-9000 ext. 2161 or e-mail: irthani@thani.co.th.

Investor Relations Activities in 2017

1. "Analyst Meetings" There were 4 Analyst Meetings conducted in 2017, with 30-40 participants per meeting, to provide information of the quarterly operation performance to the analysts, institutional investors and general investors by the Company's top executives.

2. "Company Visit" There were 10 "Company Visit" meetings conducted in 2017. In most cases, the Company was contacted by securities companies which brought investors or analysts, both domestic and international, to meet the Company's top executives to discuss and request for detail information in order to better understand the Company's business operation.

3. "Conference Call" There were 5 conference calls made in 2017 to provide further detail of information after the information was publicized to investors and analysts, both domestic and international.

4. "Roadshow" There were 3 roadshows with 40-50 participants/roadshow offering the Company's information about business performance, industry and trend for business in each period of time.

5. Responsibilities of the Board of Directors

Board of Directors Structure

The number of directors of the Company is in compliance with the legal regulations and good corporate governance principles of SET, including the appropriateness of the type, size and complication of business, in order to support the efficiency of the Board of Directors' performance as the following details:

Status	Executive Director	Non-executive Director	Audit Committee
Director representing shareholders	2	5	-
Independent Director	-	5	5

The Board of Directors have 12 members. 5 Audit Directors were Independent Directors, accounting for 41.66% of the total number of directors, and 5 Non-Executive Directors representing shareholders, accounting for 41.66% of the total number of directors. The total number of Non-Executive Directors were 10, accounting for 83.33% of total number of directors. The Company appointed the Board of Directors assuring that no individual or group of individuals has the absolute decision making power in order to ensure the management's efficiency and to create the balance mechanism. In addition, the Company has the clear management structure as shown in the Management Structure section. The management and decision making power is decentralized to appropriate levels of each functional area in order that the authority of decision making and management does not depend only on the Chief Executive Officer and Managing Director.

The Divided Roles & Responsibilities of Board of Directors and Management

The Company has the roles and responsibilities of Board of Directors and Management divided clearly as follows:

Conducted by Board of Directors	Conducted by Board of Directors and Management	Board of Directors assigned Management to take responsibility
1. Set objectives, policy, goal and key concept for corporate business conduct	1. Set strategy, measure and annual business plan.	1. Execute the strategy and policy set by Board of Directors.
2. Supervise directors and executives to perform their duty of care and duty of loyalty to the corporate for the Company's benefits.	2. Manage the sufficient appropriateness of the internal control system and the risk management	2. Make decision on the procurement, personnel recruitment, etc. according to the policy framework.
3. Supervise the business conduct to ensure its compliance with the law, objectives, regulations, shareholders meeting resolutions and good corporate governance principles.	3. Designate the authority scope and budget that are appropriate for Management's responsibility.	

Chairman of the Board of Directors is not the same person as the Chief Executive Officer and Managing Director in order to separate the duties of the policy designation, supervision and management of the routine administration work. (Please see detail of the scope of authority in "Management Structure" section.)

Independent Directors

Independent Directors not only have the same role and duty as other Directors in the Board of Directors but also have special role and duty in maintaining their independence in giving opinions or suggestions for the benefits of all related stakeholders without being influenced by any group of individuals.

5 Independent Directors hold the meetings among Independent Directors, with no presence of Executives or other persons related to the Company or not having neutrality for the meeting, to study the detail of the Board of Directors meeting agenda before attending the Board of Directors meeting. The recommendations shall be defined before being proposed to the Board of Directors for the improvement

of the business management and operation which will finally bring the development and efficiency to the Company for the benefits of all shareholders.

Definition of Independent Director

Independent Director means a person who has complete qualification and independence as designated in the Corporate Governance Policy of the Company and as being in compliance with the Stock Exchange of Thailand's regulations and the Offices of Securities and Exchange Commission as follows:

Qualification of Independent Director

1. Hold the shares of no more than 0.5% of total number of shares with voting rights of the Company, parent companies, subsidiaries, associated companies, major shareholders, or persons with authority of the Company. This includes the shares held by any person related to the Independent Director.

2. Is not or has never been the director who is a part of management, employee, staff, consult with monthly salary or a person with authority of the Company, parent companies, subsidiaries, associated companies, subsidiaries at same level, major shareholders, or persons with authority of the Company unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

3. Has no relationship by blood or by law in the aspects of father, mother, spouse, brother/ sister, child, including the spouses of the child, executive, major shareholder, person who has authority or will be proposed to be executive or to have authority of the Company or its subsidiaries.

4. Does not or never have business relationship with the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons, unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

5. Is not or has never been the auditor of the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons, and is not the significant shareholder, authority person or partner of the auditing office for which the auditor of the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons works for, unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

6. Is not or has never been any professional service provider, including legal consultant or financial consultant who received service fee for over two million baht per year from the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons and is not the significant shareholder, authority person or partner of such professional service provider unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

7. Is not a Director who is appointed to represent the Board of Director, major shareholders or any shareholders related to the major shareholders.

8. Does not conduct any business of the same nature and competitive to the business of the Company or subsidiaries or is not a significant partner of the partnership or a director who is a part of management, employee, staff, paid consultant or holds shares of over 1% of total shares with voting rights of other companies which conduct business with the same nature and competitive to the business of the Company or subsidiaries.

9. Has no other characteristics that prevent him/her from giving free opinions on the Company's operations.

Audit Committee

As of 31st December 2017, the Audit Committee consisted of 5 Independent Directors as follows:

Name	Position
1. Mr. Thakol Nanthirapakorn, Ph.D.	Chairman of Audit Committee
2. Mr. Suvit Arunanondchai	Audit Director
3. Prof. Naengnoi Chai-Onnom	Audit Director
4. Mr. Varavudh Varaporn	Audit Director
5. Mr. Surapon Satimanont	Audit Director

Mr. Boonchu Wongpakdee is the Secretary of Audit Committee.

Qualification of Audit Director

1. The Audit Committee must comprise of Independent Director who is appointed by Board of Directors or Shareholders meetings. An Audit Director is appointed to be the Chairman of Audit Committee.

2. Audit Director must not be the Director who is appointed by Board of Directors to make decision on the business operation of the Company, parent companies, subsidiaries, associated companies, subsidiaries of the same level, major shareholders, or authority persons of the Company.

3. Audit Director must not be the Director of the parent companies, subsidiaries, or subsidiaries of the same level that are listed companies.

4. Audit Committee must comprise of at least 3 Directors. At least one Director must graduate from Accounting and/or Finance and has knowledge and experience sufficient for being able to examine the credibility of financial statements.

5. Audit Committee must also have other qualifications as required by the Office of Securities and Exchange Commission.

In addition to the qualification and specific characteristics of Audit Committee, there are also other qualification and specific characteristics of Independent Directors that Audit Committee must have. (Please see detail in "Independent Director" section.)

Scope of Authority of Audit Committee**1. Financial Report**

- Examine the financial report, consider the completion of the information under the Audit Committee's awareness and assess the appropriateness of the accounting principles used in the financial report.
- Examine the significant issues of the accounting and financial reports, including the complicated or not normal transactions and the transactions that need judgment in decision making.
- Bring questions to the management and the auditor about the audit result, the significant risks of financial reports and the plan to reduce such risks.
- Examine the efficiency of the internal control of budgeting process.

2. Internal Control

- Examine to ensure that the management has applied the internal control system, including the information technology system and the direction to communicate the significance of the internal control, risk management, and anti-corruption measure to all over the Company.
- Examine to be assured that the recommendations on the internal control that the internal auditor and the auditor proposed have been implemented by the management.

3. Internal Audit

- Examine and approve the internal audit charter, annual plan, and necessary personnel and resources for the operations.
- Examine the activities and operation plan of the internal audit to ensure the internal auditor can perform independently.
- Examine the effectiveness of the internal audit performance according to the internal audit standard.
- Consider and approve the nomination, appointment, withdrawal, transfer or termination of internal auditor.

4. Auditor

- Consider the nomination, appointment and termination of the Company's auditor and audit fee and propose to the Board of Directors to get appointment from the Annual General Meeting of Shareholders. Evaluate the auditor's performance on the yearly basis.
- Have meetings with auditors with no presence of the management for the discussion at least once a year.

5. Regulatory Compliance

- Consider the business conduct to be in compliance with the law, related regulations and the changes proposed by the management regularly.
- Consider the business conduct to be in compliance with the law, regulations related to the anti-corruption regularly.
- Examine the findings or notices of the corporate governance function and the follow up result and report to the Board of Directors.
- Examine the effectiveness of the practice monitoring system according to the law and regulations and the result of non-complying case.

5. Risk Management

- Examine the sufficiency of the Corporate Governance Policy and the related duties of the Risk Management of the Company.
- Examine the efficiency of the Company's Risk Management and Anti-Corruption Risk Management.

6. Other Responsibilities

Take action as assigned by Board of Directors.

Nomination and Remuneration Committee

As of 31st December 2017, the Company had 3 members of Nomination and Remuneration Committee, of which 2 were Independent Directors and 1 was Non-Executive Director, as follows:

Name	Position
1. Mr. Suwit Arunanondchai	Chairman of Nomination and Remuneration Committee
2. Mr. Varavudh Varaporn	Nomination and Remuneration Director
3. Mr. Anuwat Luengtaweekul	Nomination and Remuneration Director

Ms. Rungtip Chaipatanapruck was the Secretary of Nomination and Remuneration Committee.

Scope of Authority of Nomination and Remuneration Committee

1. Nomination

- Set up the policy, criteria and process of nomination to propose for the Board of Director's consideration and approval.
- Select and propose the nominated persons qualified for the positions for the Board of Directors' approval.

- Supervise to ensure that each committee has appropriate size and composition for the corporate and be in compliance with the changing environment. The Board of Directors and each subcommittee must comprise of the persons who have knowledge, capability and skills qualified for the positions.

2. Remuneration

- Set the policy, criteria for the remuneration and other benefits of the Board of Directors, Directors of subcommittees and the Chief Executive Officer and Managing Director and propose for the Board of Directors' approval.
- Manage for the Board of Directors, Directors of subcommittees and Chief Executive Officer and Managing Director to receive appropriate remuneration for their roles and responsibilities which are reasonable for their performance.
- Set guideline for performance evaluation of the Chief Executive Officer and Managing Director for the annual remuneration adjustment (salary increase, bonus, other remuneration) and propose for the Board of Directors' approval.
- Review the structure of remuneration and other benefits of the Board of Directors, Directors of subcommittees and the Chief Executive Officer and Managing Director to make them suitable for the roles and responsibilities and be competitive with the market situation.

3. Other matters

Consider other matters as assigned by the Board of Directors.

Executive Board

As of 31st December 2017, the Company's Executive Board comprised of 4 members as follows:

	Name	Position
1.	Mr. Kovit Rongwattanasophon	Chairman of Executive Board
2.	Mr. Virat Chinprapinporn	Executive Director
3.	Mr. Praphan Anupongongarch	Executive Director
4.	Mr. Wutichai Suraratchai	Executive Director

Mr. Boonchu Wongpakdee was the Secretary of the Executive Board.

Scope of Authority of Executive Board

1. Manage the Company's operation to be in line with the objectives, regulations, shareholders meeting resolutions and Board of Directors meeting resolutions, in compliance with the law, regulations and principles of official agencies and related regulatory agencies.

2. Consider and approve credit limit of the Company, general expenses for which the Management does not have policy, the buying and selling of securities for which the Management does not have

principles or which is not a normal transaction. If the issues are beyond the scope of authority or exceed the approved budget, the Executive Board shall propose the issues to the Board of Directors.

3. Consider and approve the risk management direction, scope of authority of authorized persons and the management of business continuity of the Company.

4. Manage the liquidity and interest rates.

5. Before proposing to the Board of Directors for approval, thoroughly consider the policy, strategy, business plan, annual budget, important issues creating big changes to the Company, and the issues that should be approved case by case or based on the criteria set by Board of Directors, such as credit approval, etc.

6. Consider and approve the human resource management of the Company, such as annual bonus payment, salary increase of employees, etc.

7. Consider and approve the measure, regulations, procedures and improvement of regulations in the business conduct. Monitor and evaluate the operation according to the Company's policy in order to be able to make recommendations to the Board of Directors for the policy improvement as deemed appropriate.

8. Have authority to consider and order the Management to take actions that will be beneficial to the Company and are not against the law.

9. Have authority to authorize any Director(s) in the Executive Board or any other person to take any action under the control of the Executive Board or as the Executive Board deems appropriate and within the period set by the Executive Board. The Executive Board can cancel, withdraw, change or amend the authority given to any authorized person in that period as deemed appropriate.

10. Perform any other duties as assigned by the Board of Directors. The authorization to the Executive Board as mentioned above must be under the legal principles and the Company's rules and regulations and the related law. If there is any transaction involved with any Executive Director or a person with conflict of interest to the Company or its subsidiaries, which is not normal or does not comply with the trade condition, that involved Executive Director does not have the right to approve such transaction and must report the case to the Board of Directors, in compliance with the rules and regulations of SET.

Corporate Governance Committee

As of 31st December 2017, the Corporate Governance Committee comprised of 12 members as follows:

	Name	Position
1.	Mr. Virat Chinprapinporn	Chairman of the Corporate Governance Committee
2.	Mr. Charoensook Kijitti	Corporate Governance Director
3.	Mr. Kovit Rongwattanasophon	Corporate Governance Director
4.	Mr. Anuwat Luengtaweekul	Corporate Governance Director
5.	Mr. Praphan Anupongongarch	Corporate Governance Director
6.	Mr. Wutichai Suraratchai	Corporate Governance Director
7.	Mr. Ekasith Saktanakorn	Corporate Governance Director
8.	Mr. Thakol Nanthirapakorn,Ph.D.	Corporate Governance Director
9.	Mr. Suvit Arunanondchai	Corporate Governance Director
10.	Prof. Naengnoi Chai-onnom	Corporate Governance Director
11.	Mr. Varavudh Varaporn	Corporate Governance Director
12.	Mr. Surapon Satimanont	Corporate Governance Director

Mr. Ponlaphe Sakkayapapwichanon was the Secretary of the Corporate Governance Committee.

Note: Mr. Anuchart Deeprasert resigned from the Director of the Company, effective on 16th October 2017. The Board of Directors Meeting no. 5/2017 held on 16th October 2017 had resolutions to appoint Mr. Ekasith Saktanakorn to be the Director, replacing Mr. Anuchart Deeprasert, effective from 16th October 2017 onwards.

Scope of Authority of Corporate Governance Committee

1. Set the policy and principles for the good corporate governance of the Company.
2. Examine and make recommendation on the good corporate governance of the Company to the Board of Directors in order to build the good corporate governance according to the SET principles.
3. Thoroughly consider the Corporate Governance Policy and business code of conduct of the Company and regularly update the significant content to be modern and universal. The principles must be in compliance with the code of conduct to be proposed for the Board of Directors' approval.
4. Appoint the working team to support the operation as deemed appropriate.
5. Perform other actions as assigned by the Board of Directors.

Risk Management Committee

Since the Executive Board of the Company has duty to control, supervise and consider the Company's transactions which also need the consideration of the related risk factors, the Board of

Directors thus assigns the Executive Board to perform the duty of the Risk Management Committee as another role.

As of 31st December 2017, the Company's Risk Management Committee comprised of 4 members as follows:

Name	Position
1. Mr. Kovit Rongwattanasophon	Chairman of Risk Management Committee
2. Mr. Virat Chinrapinporn	Risk Management Director
3. Mr. Praphan Anupongongarch	Risk Management Director
4. Mr. Wuttichai Suraratchai	Risk Management Director

Mr. Kunjanat Siwa was the Secretary of the Risk Management Committee.

Scope of Authority of the Risk Management Committee

1. Consider the Risk Management Policy and assess the acceptable level of risk before proposing for the Board of Directors' approval.
2. Assess both internal and external factors that could have significant effect on the business operations and take them into consideration for the Risk Management measure improvement.
3. Set the measures that can manage the risks to be suitable to the internal and external situations in order to prevent the potential damages in the future.
4. Consider the risks in overall to assess if the risk management measures are suitable and applicable for the efficient implementation.
5. Consider and approve the risk assessment tools or measures that are appropriate and reliable.

Nomination of the Company's Directors

The Company has the Nomination and Remuneration Committee to perform the duty of selection and proposing the persons qualified for the Company's Directors positions. The Nomination and Remuneration Committee also considers and approves the remuneration package and proposes to the Board of Directors for approval before proposing to the Shareholders Meetings for approval, as follows.

Board of Directors

The Company's Board of Directors has not less than 5 members who were appointed by shareholders meeting based on the criteria and procedures, that is, one shareholder's number of votes equals to his/her number of shares held. Each shareholder can use all votes for one Director or many Directors but cannot divide the vote counts and give more for someone and give less to another. The person who receives the respectively highest vote counts will be selected to be the Directors, totaling to the number of Directors needed in that vote casting. In the case that the number of the persons getting

the score tied is higher than the number of needed positions, the chairman of the meeting shall be the one who makes the decision. The case other than this must follow the Company's regulations.

The Board of Directors Appointment can come under 2 conditions as follows:

1) Appointed to replace the Director who leaves by his/her term end.

2) Appointed during the term since the position is vacant.

- The first condition needs to get approval from the shareholders meetings. The second condition can be approved by the Board of Directors as proposed by the Nomination and Remuneration Committee.

- Independent Directors must have qualifications that meet the criteria set by the Office of Securities and Exchange Commission or related official agencies.

Audit Committee

The Board of Directors appointed the Audit Committee on 5th September 2002 to help the Company's corporate governance. The Board of Directors Meeting approved the Audit Committee establishment and approved the appointment of Independent Directors for Audit Directors. The Audit Committee shall be the important tool for the Board of Directors in corporate governance and in managing the operation to have the correct standard, transparency and be in compliance with the official regulations for the good internal control, credible reporting system and benefits for all related stakeholders.

The Appointment of Audit Committee

The Board of Directors appoints at least 3 Directors who have qualification according to the regulatory agencies requirement to perform the Audit Committee which has authority as assigned by the Board of Directors, has independence to perform duty and reports directly to the Board of Directors.

Nomination and Remuneration Committee

The Board of Directors approved the appointment of Nomination and Remuneration Committee on 10th August 2012 to help make recommendation on the policy, scheme and criteria for the nomination and remuneration of Directors, members of subcommittees and Chief Executive Officer and Managing Director in order to ensure that the nomination and remuneration practices follow the good corporate governance principles and in line with the corporate vision, mission and values.

The Appointment of Nomination and Remuneration Committee

The Board of Directors appoints at least 3 Directors who are Non-Executive Directors to perform as the Nomination and Remuneration Committee and reports directly to the Board of Directors.

Executive Board

The Board of Directors appoints the Executive Board comprising of Directors who are Executives or represent major shareholders. The Executive Board shall report directly to the Board of Directors.

The Appointment of Executive Board

The Board of Directors appoints a number of Directors as deemed appropriate to be an Executive Board and appoints the Chief Executive Officer and Managing Director to be the chairman of the board. The Executive Board has duty to control and manage the Company's operation as assigned by the Board of Directors.

Corporate Governance Committee

The Board of Directors gives importance to the good corporate governance to be compliance with the good practices of the listed company. The good governance information shall be disclosed in the annual report. The Company approves the appointment of the establishment of the Corporate Governance Committee. The good corporate governance issues shall be included in the agenda of the meeting invitation letter.

Risk Management Committee

The Board of Directors appoints the Risk Management Committee to perform the duty of designating the Risk Management Policy for the whole organization and proposing to the Board of Directors for consideration and approval. The Risk Management Committee supervises the management to practice according to the policy and regularly reports to the Board. The Risk Management Committee reviews or assesses the effectiveness of the risk management at least once a year and every time the risk level is changed and should also be alert to the early warning sign and all the malfunction reports.

Board of Directors Meeting

The Company requires the Board of Directors Meeting to be held for at least once every three months and extra meeting as necessary. The Company Secretary shall prepare the meeting invitation letter, enclosed with the meeting agenda and relevant documents, to the Board members at least 5 days prior to the Board of Directors Meeting date so that the Board members have sufficient time to study the information before attending the meeting. The Company has set the meeting schedule of Board of Directors meetings and other committees' meetings in advance every year and have all Directors informed so that they can manage their schedules to attend the meetings.

In 2017, the meetings of the boards are as follows:

List of Directors	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Executive Board	Audit Committee	Corporate Governance Committee
1. Mr. Virat Chinprapinporn	6/6			12/12	12/12	6/6
2. Mr. Charoensook Kijitti	4/6					4/6
3. Mr. Kovit Rongwattanasophon	6/6			11/12	11/12	6/6
4. Mr. Wuttichai Suraratchai	6/6			12/12	12/12	6/6
5. Mr. Anuwat Luengtaweekul	5/6		2/2			5/6
6. Mr. Anuchart Deeprasert	5/6					5/6
7. Mr. Praphan Anupongongarch	6/6			10/12	10/12	6/6
8. Mr. Thakol Nanthirapakorn,Ph.D.	6/6	6/6				6/6
9. Mr. Surapon Satimanont	5/6	6/6				5/6
10. Mr. Varavudh Varaporn	6/6	6/6	2/2			6/6
11. Mr. Suvit Arunanondchai	5/6	5/6	2/2			5/6
12. Prof. Naengnoi Chai-onnom	5/6	6/6				5/6
13. Mr. Ekasith Saktanakorn	1/6					1/6

Note: *Mr. Anuchart Deeprasert resigned from the Director of the Company, effective on 16th October 2017. The Board of Directors Meeting no. 5/2017 held on 16th October 2017 had resolutions to appoint Mr. Ekasith Saktanakorn to be the Director, replacing Mr. Anuchart Deeprasert, effective from 16th October 2017 onwards.

Development of Directors

The Board of Directors has a policy to encourage Directors to continuously develop their knowledge and support them to attend the training courses for Directors as much as possible. Every member of the Board of Directors has passed the Board of Directors programs organized by Thai Institute of Directors (IOD).

In 2017, the Board of Directors members attended the training courses or seminars as follows:

No.	Name – Last name	Position	Training Course/ Seminar	Institution
1	Mr. Virat Chinprapinporn	Chairman of the Board/ Executive Director	Tourism Management Program for Executives:TME, class of 1/ 2017	Tourism Authority of Thailand
2	Mr. Thakol Nanthirapakorn,Ph.D.	Chairman of Audit Committee/ Independent Director	Audit Committee Forum2017 “The Audit Committee’s Role in Compliance and Ethical Culture Oversight”	Thai Institute of Directors (IOD)
3	Mr. Suvit Arunanondchai	Independent Director/ Audit Director/ Chairman of Nomination & Remuneration Committee	Current Issue Semimar:Legal Update: Criminal Liabilities of Directors (1/2017)	Thai Institute of Directors (IOD)
			AGM; Annual General Meeting & dinner Talk 1/2017 “Board of directors and their roles in driving Thailand forward”	Thai Institute of Directors (IOD)
			Board Matters & Trends (BMT 3/2017)	Thai Institute of Directors (IOD)
			National Director Conference 2017: “Steering Governance in a changing world”	Thai Institute of Directors (IOD)
			Breakfast Talk 3/2017 “Corporate disclosures: what are investors looking for beyond financial measures?”	Thai Institute of Directors (IOD)
			Nomination Director Event 1/2017 “Nomination Committee Best Practice Guideline”	Thai Institute of Directors (IOD)
4	Mr. Kovit Rongwattanasophon	Director / Executive Director (Chairman) Chief Executive Officer And President	Executive Program Class of 25/2017	Capital Market Academy (CMA)

Performance Evaluation of Board of Directors

The Company conducts the self-evaluation for the Board of Directors and Committees regularly every year, aiming to focus on the reflection of performance efficiency according to the good corporate governance which is divided into 2 categories: performance evaluation of the group and performance evaluation as individual. This is for the committees to consider and review their performance and to further improve their area of improvement.

Performance Evaluation Procedure for the Board of Directors and Individual Director is as follows:

1. The Board of Directors conducts the self-evaluation according to the Thai Institute of Directors and SET guidelines which also are in accordance with Thanachart Group.
2. The Board Secretary summarizes the result of the performance evaluation of the Board of Directors as a group and individual.
3. The Board Secretary reports the result of the performance evaluation of the Board of Directors as group and individual to the Board of Directors for the operational efficiency improvement.

Criteria for Performance Evaluation of the Board of Directors as a group and individual are as follow:

1. The 2017 performance evaluation of the Board of Directors as a group applied the evaluation form created by the Stock Exchange of Thailand in 2015. The form was adjusted to suit the Company which covers the duties and responsibilities of the Board of Directors in all aspects, which are 1) The structure and qualification of the Board of Directors, 2) Roles, duties, and responsibilities of the Board of Directors, 3) The Meeting of the Board of Directors, 4) The duty of Director, 5) The relationship with the management, 6) The self-development of Director and the development of Executive.

In 2017, the result of performance evaluation of the Board of Directors in overall was scored at the average of 3.95 points out of 4.00 points (full score), or 98.74%. Most directors gave opinions that, in 2017, the Board of Directors performed their duties and responsibilities efficiently considering the structure and qualification of the Board, the Meeting of the Board of Directors, the relationship with the management, including the self-development of Director and the development of Executive. The Board of Directors was composed of the knowledgeable, capable, experienced persons who were suitable to perform on the specified duties.

2. The self-evaluation of the Board of Directors as an individual is classified into 3 aspects: 1) The structure and qualification of the Board of Directors, 2) The Meeting of The Board of Directors, 3) Roles, duties, and responsibilities of the Board of Directors.

In 2017, the result of the self-evaluation of the Board of Directors as an individual was scored at the average of 3.95 points out of 4.00 points (full score), or 98.86%. Most directors gave opinions that the directors performed their duties with responsibilities, carefulness, and honesty in compliance with the

laws, objectives and regulations of the Company, the resolutions of the shareholders meetings as well as provided comments and suggestions that were valuable to the Company. Moreover, they attended the meetings of the Board of Directors and the subcommittees regularly.

Succession Plan

The Board of Directors assigned the Nomination and Remuneration Committee to prepare the succession plan for the Chief Executive Officer and Managing Director and top executives positions in order to be ready and to develop the potential persons for the top executive positions in the future for the continuous growth of the Company.

Audit fee

In 2017, the Company paid the audit fee to EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,300,000 Baht per year, including:
 - 1.1 Fee for the audit of the annual financial statements of 470,000 Baht.
 - 1.2 Fee for the audit of half-year financial statements of 350,000 Baht.
 - 1.3 Fee for the review of the financial statements for 2 quarters at 240,000 Baht/quarter
2. No other fee

In 2016, the Company paid the audit fee to EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,250,000 Baht per year, including:
 - 1.1 Fee for the audit of the annual financial statements of 440,000 Baht
 - 1.2 Fee for the audit of half-year financial statements of 330,000 Baht
 - 1.3 Fee for the review of the financial statements for 2 quarters at 240,000 Baht/quarter
2. No other fee

In 2015, the Company paid the following fees to its auditor, EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,200,000 Baht per year, including:
 - 1.1 Fee for the audit of the annual financial statements of 410,000 Baht
 - 1.2 Fee for the audit of half-year financial statements of 310,000 Baht
 - 1.3 Fee for the review of the financial statements for 2 quarters at 240,000 Baht/quarter
2. No other fee

Internal Control and Risk Management

Ratchthani Leasing Public Company Limited has executed strategic management, risk management and good internal control which result in the Company's competency to conduct business properly and efficiently.

The good internal control system is an important management tool to achieve the Company's goals. The internal control framework of the Committee of Sponsoring Organization of the Tread way Commission (COSO) is applied for the Company's management, which is summarized as follows:

1. Internal Environment

- The Board of Directors and the management designated code of conduct and business ethics for the Board of Directors, management and staff to implement.
- The Board of Directors consists of Independent Directors in the proportion of 41.67% of total Directors, which is higher than the minimum legal requirement. As a result, the Board can effectively work on assessment and decision making on the internal control system independently, without influence from the management.
- The Board of Directors and the management established the Company structure, chain of command, appropriate responsibilities and segregation of duties so that the good internal control can be implemented according to its specified objectives.

2. Risk Assessment

- The Company analyzed and identified risks that effect the business operation and specific risk response in the corporate levels and functional levels including the risks of fraudulent or inappropriate conduct.
- The Company specified clear objective of the operations, financial and non-financial reporting, and the practices in compliance with related laws, and identified the level of risks that are acceptable and align with the business operation.

3. Control Activities

- The Company organized the internal control activities to reduce the potential risks to the acceptable level including preventive control, such as segregation of duties, the level access to

data and information control of each authorization level, the appropriate authorization of business operations and transactions, and physical assets control, etc.

- The Company designated the Business Continuity Policy and management plan in case the uncontrollable emergency occurred. The plan has been testing regularly to ensure that the Company can operate its business continually.

4. Information and Communication

- The Company implemented an efficient information system to provide accurate, complete, and timely information for business decisions making.
- The Company has communication channels to inform any information to staff via electronic email and central bulletin board where information and knowledge can be shared among the staffs.
- The Company has an investor relations channel on the Company's website to communicate to investors and has communication channel for stakeholders through the Audit Committee via auditcom@thani.co.th.
- The Company has determined the channels for notification of fraud and corruption actions, in compliance with the Anti-Corruption Policy as an alliance of Thai Private Sectors on Collective Action against Corruption, on the Company's website. Such notification shall be directly reported to the audit supervisor of Thanachart Bank.

5. Monitoring and Assessment

- The Company's significant issues have regularly been assessed and the results have continuously been monitored by the Audit Committee through the independent internal auditor of the Company.
- The Company assigned the management to identify any defects on the assessment of the Company's independent internal auditors and to define the solutions appropriately and in time.

In the Board's Meeting in 2017, the Board of Directors evaluated the internal control system under the guidelines of the Office of the Securities and Exchange Commission. The result was that the Company had appropriate and effective internal control system.

The Internal Audit

The Company has no Internal Audit Department but does assign an independent external auditor to perform the duty of internal auditor and to report the performance of internal audit practices directly to the Audit Committee and the management performance of departments to the Managing Director.

The Company assigns the chief of Internal Audit and Regulatory Compliance of the Thanachart Group to be the independent internal auditor of the Company, who report directly to the Audit Committee and has duty on examining and assessing the efficiency and the effectiveness of the internal control system and information system. The independent internal auditor examines the compliance with the Anti-Corruption Policy practices to ensure that normal business operations and financial activities of the Company are conducted according to the guidelines and have adequate efficiency. The independent internal auditor examines the practices to ensure the compliance with the laws and related regulations of the Company (Compliance Control). Moreover, the annual internal audit plan must be proposed and approved by the Audit Committee under the criteria of the risk based audit approach and the audit guidelines under the internal control practices of the Committee of Sponsoring Organization of the Treadway Commission (COSO).

Related Party Transactions

In 2016 and 2017, the Company had related party transactions with persons with a conflict of interest. After consideration, the Audit Committee believed that such transactions were reasonable as normal transactions or they supported the Company's normal business with general trade conditions, except special transactions. The appropriateness of transactions and the committee's opinions are detailed as follows

<i>Name of Related Parties</i>	<i>Relationship with the Company</i>	<i>Business Type</i>
Thanachart Bank Public Company Limited	Parent company	Commercial bank
Baan Rock Garden Public Company Limited	Have common directors and shareholders	Property development
Citywood Company Limited	Have common directors and shareholders	Furniture manufacturer
Thanachart Insurance Public Company Limited	Affiliates	Insurance

	Outstanding as at 31 December (Unit : Baht)	
	2017	2016
<u>Cash at bank</u>		
Thanachart Bank Public Company Limited	134,156,554	68,081,528
<u>Other asset - deposit</u>		
Thanachart Bank Public Company Limited	64,788	64,788
<u>Interest receivable</u>		
Thanachart Bank Public Company Limited	14,354	7,612
<u>Short-term loans</u>		
Thanachart Bank Public Company Limited	1,570,000,000	3,180,000,000
Baan Rock Garden Public Company Limited	220,000,000	210,000,000
Citywood Company Limited	-	-
Management, directors and related persons	6,000,000	10,000,000
<u>Liabilities under hire purchase agreement</u>		
Thanachart Bank Public Company Limited		-
<u>Debentures</u>		
Thanachart Bank Public Company Limited	31,000,000	-
Thanachart Insurance Company Limited	350,000,000	300,000,000
<u>Long-term loans</u>		
Management, directors and related persons	28,000,000	28,000,000
<u>Overdraft</u>		
Thanachart Bank Public Company Limited	-	-

	Outstanding as at 31 December (Unit : Baht)	
	2017	2016
Accrued interest		
Thanachart Bank Public Company Limited	265,093	329,452
Thanachart Insurance Company Limited	4,424,055	4,043,836
Accrued expense		
Thanachart Bank Public Company Limited	5,300	1,483,433

Loan and Outstanding from Related Persons or Businesses

Related Party Transactions

Related Party Transactions	For Year (Unit : Baht)		Price Setting Policy	Reason/ Appropriateness
	2017	2016		
Thanachart Bank Public Company Limited				
Interest Expenses	37,470,781	17,566,091	As stipulated in agreements	Related party transactions were in accordance with normal business and supported the operation of the Company group to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Bank fee expenses	6,604,173	9,703,892	As stipulated in agreements	
Premises and equipment expenses	310,933	313,713	As stipulated in agreements	
Service fee expenses	5,711,823	8,505,660	As stipulated in agreements	
Interest receivable	763,342	464,718	The same rates as charged to general customers	
Baan Rock Garden Public Company Limited				
Interest expenses	4,307,897	5,662,212	As mutually agreed	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Thanachart Insurance Company Limited				
Interest expenses	10,147,266	21,699,811	As stipulated in prospectus	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Insurance Interest expenses	1,516,838	2,319,172	As stipulated in agreements	
Management, directors and related persons				
Interest expenses	1,095,066	2,064,751	As mutually agreed	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.

Necessity and Appropriateness

Presently, related party transactions are in accordance with a normal business and support the operation of the Company group, to maximize the Company's benefit. The related party transactions are necessary and reasonable. For price setting, market prices or costs plus proper profits, such as rental fee, are taken into consideration. Such cost is forecasted from rental fee plus proper profits according to the referenced market prices. The Company will revise costs and profit rate annually. The Company will propose to the Audit Committee to consider reasons and appropriateness of prices. Prior approvals of the Board of Directors or shareholders are required on the case by case basis.

Measures or procedure on approving related party transactions

For the approval procedure of related party transactions due to a normal business such as bank fee, the Company will determine conditions in line with a normal business i.e. market prices applied to general customers, or actual costs plus proper profits according to the referenced market prices. For other related party transactions, the Company will determine conditions in line with a normal business i.e. marketing prices applied to general customers with proper conditions. This aims to maximize the benefits of the Company and shareholders. Prior approvals of the Board of Directors or shareholders are required, as a case may be. The Audit Committee or auditors or experts will consider reasons of transactions and appropriateness of prices. The opinions will be proposed to the Board of Directors or shareholders for consideration, as a case may be.

Accordingly, in terms of compliance with information disclosure and acquisition or sales of major assets, the Company will comply with the laws on securities and exchange, regulations, notifications, orders, or requirements of the Stock Exchange of Thailand, including accounting standards stipulated by the Federation of Accounting Professions.

Policy on further related party transactions

In the future, related party transactions will comprise transactions due to a normal business i.e., bank fee, etc. Such transactions shall bring benefits to the Company and shall be in line with the approval measures or procedures mentioned above.

Analysis and Management Discussion

Financial Statements

(1) The Company's Auditor

Year	Independent Auditor Name	Certified Public Accountant's Number	Independent Auditor's Company
2017	Ms. Rattana Chala	3734	EY Office Ltd.
2016	Ms. Somjai Khunapasut	4499	EY Office Ltd.
2015	Ms. Somjai Khunapasut	4499	EY Office Ltd.

(2) Summary of auditor report

The auditor report for the financial statements as of 31st December 2015 - 2017 expressed an unconditional opinion that the financial statements had been prepared accurately in accordance with the generally accepted accounting standards.

Explanation and Analysis of Company's Financial Status and Performance

- **Company's performances**

- Overview of the past performance

In 2015, the Company had the net profit of 748.66 million Baht, increasing from the previous year by 44.57 million Baht or 6.33 %. The total revenue of 2015 was 2,781.88 million Baht, increasing from the previous year by 27.95 million Baht or 1.02 %, due to the focus on retaining and taking care of customers constantly. The Company's financial expenses were 1,016.40 million Baht, decreasing from the previous year by 55.50 million Baht or 5.18%, as a result of the low funding cost to keep the gap of interest spread at the level that kept the Company's profitability constantly.

In 2016, the Company had a net profit of 881.16 million Baht, increasing from the previous year for 132.49 million Baht or 17.70%. The total revenue for the year 2016 was 2,985.19 million Baht, increasing from the previous year by 203.31 million Baht or 7.31 %, as a result of the Company's focus on retaining and taking care of customers constantly. The Company's financial expenses were 946.99 million Baht, decreasing from the previous year by 69.40 million Baht or 6.83%, as a result of the sourcing of loans with low finance cost to keep the gap of interest spread at the level that kept the Company's constant profitability.

In 2017, the Company had a net profit of 1,125.81 million Baht, increasing from the previous year for 244.66 million Baht or 27.77 %. The total revenue for the year 2017 was 3,307.24 million Baht, increasing from the previous year by 322.04 million Baht or 10.79 %, as a result of the Company's focus on retaining and taking care of customers constantly. The Company's financial expenses were 882.41 million Baht, decreasing from the previous year by 64.59 million Baht or 6.82 %, as a result of the

sourcing of loans with low finance cost to keep the gap of interest spread at the level that kept the Company's constant profitability.

- Revenue

In 2015, the Company put emphasis on retaining its leasing based business to maintain its market share. This resulted in total revenues of 2,781.88 million Baht, increasing from 2014 by 27.95 million Baht or 1.02 % (from the increase in hire purchase and financial leasing debtors from the year 2014 at the amount of 1,616.10 million Baht or 5.92%).

The main components of the Company's revenues in 2015 were from the interest revenues from the hire purchase and financial leasing contracts at the amount of 2,361.49 million Baht or equal to 84.89% of total revenues, and revenues from fees and services fee of 235.81 million Baht and other incomes of 184.58 million Baht or equal to 8.48% and 6.63% respectively.

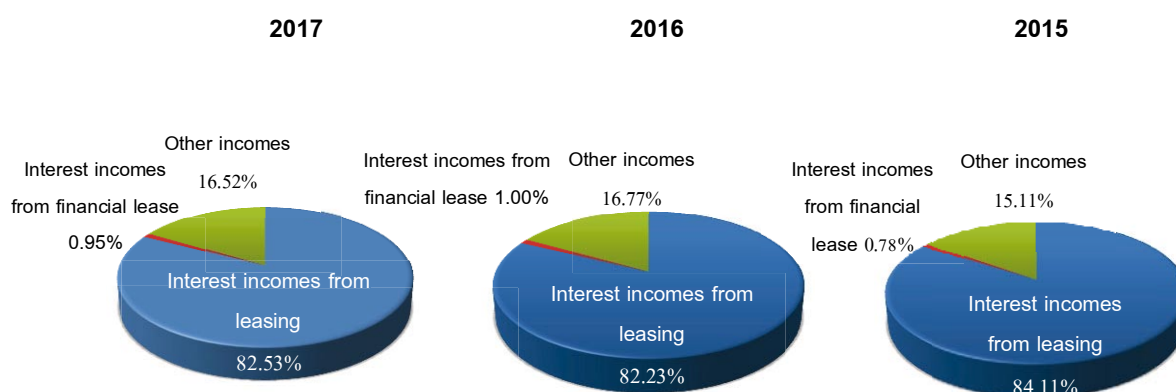
In the year 2016, the Company still focused on retaining its leasing base to retain its market share. This resulted in total revenues of 2,985.19 million Baht, increasing from 2015 by 203.31 million Baht or equal to 7.31% (from the increase in hire purchase and financial leasing debtors from the year 2015 at the amount of 3,827.26 million Baht or 13.23%).

The main components of 2016 revenues were consisted of the interest income from hire purchase and financial leasing of 2,484.52 million Baht or equal to 83.23% of total revenues and the revenues from fees and services fees of 273.16 million Baht and other incomes of 227.51 million Baht or equal to 9.15% and 7.62% respectively.

In 2017, the Company focused on retaining its leasing base to retain its market share. This resulted in total revenues of 3,307.24 million Baht, increasing from 2016 by 322.04 million Baht or equal to 10.79 % (from the increase in hire purchase and financial leasing debtors from the year 2016 at the amount of 5,850.71 million Baht or 17.87%).

The main components of 2017 revenues were consisted of the interest income from hire purchase and financial leasing at the amount of 2,760.61 million Baht or equal to 83.48 % of total revenues and the revenues from fees and services fees of 301.66 million Baht and other incomes of 244.97 million Baht or equal to 9.12 % and 7.40 % respectively.

The ratio of interest income from hire purchase and financial leasing to other incomes (herein, other incomes mean fees and service incomes and other incomes) of the Company for the years 2017, 2016 and 2015 are as follows.



- Expenses

In 2015, the Company had financial expenses of 1,016.40 million Baht, sales and administrative expenses of 408.16 million Baht, bad debts and doubtful debts of 411.92 million Baht, and income tax of 196.74 million Baht.

In 2015, the finance costs were 1,016.40 million Baht, decreasing by 55.50 million Baht or 5.18% compared to the year 2014, as a result of the sourcing of loans with low finance costs to retain the difference on the interest spread at the level that kept the Company's constant profitability. As a result, the ratio of interest expenses in 2015 was closed to the previous year at the level of 4.27%.

The cost of selling and administrative expenses for the year 2015 was 408.16 million Baht, increasing from 2014 by 55.58 million Baht, accounting for 15.76%. The main expenses were from the employee expenses which increased approximately by 24.69 million Baht, the commission of debt collection and the legal expenses of 30.89 million Baht.

Bad debts and doubtful debts for the year 2015 were amounted to 411.92 million Baht, decreasing from 2014 by 20.42 million Baht, or 4.72%, resulted from the recession of overall economic condition which effected on some debtors in delaying their payment.

For the year 2016, the Company's financial expenses were 946.99 million Baht. Sales and administrative expenses were 439.59 million Baht. Bad debts and doubtful debts were 496.35 million Baht and income taxes were 221.10 million Baht.

In 2016, the finance costs were amounted to 946.99 million Baht, decreasing by 69.40 million Baht or 6.83% compared to the year 2015, as a result of the sourcing loans with low finance costs to retain the difference on the interest spread at the level that kept the Company's profitability constantly. As a result, the ratio of interest expenses in 2016 was decreased from the previous year to the level of 3.64%.

The selling and administrative expenses for the year 2016 were amounted to 439.56 million Baht, increasing from 2015 by 31.40 million Baht, or 7.69%, which came from the main expenses, that is, the increasing employee expenses approximately of 23.82 million Baht.

Bad debts and doubtful debts for the year 2016 were amounted to 496.35 million Baht, increasing from 2015 by 84.42 million Baht, representing 20.49%. The normal reserve of the Company, compared to the previous year was decreased by 17.24 million Baht. However, the Company has considered increasing the general reserve from the previous year's same period at the amount of 140 million Baht to prepare its reserve according to the accounting standard of IFRS no. 9 which will be effective in 2019. As a result, the overview of bad debts and doubtful debts was increasing compared to the same period of the previous year.

In 2017, the financial expenses of the Company were 882.41 million Baht, the selling and administrative expenses were 495.74 million Baht, bad debts and doubtful debts were 523.43 million Baht and income tax was 279.84 million Baht. The finance costs in 2017 were 882.41 million Baht, decreasing by 64.59 million Baht or 6.82% compared to the year 2016, which came from sourcing loans with low finance costs to retain the difference of the interest spread at the level that kept the Company's constant profitability. As a result, the ratio of interest expenses in 2017 was decreased from the previous year to the level of 2.90%.

The selling and administrative expenses for the year 2017 were amounted to 495.74 million Baht, increasing from 2016 by 56.15 million Baht, or 12.77%, which came from the main expenses, that is, the increasing employee expenses approximately of 27.24 million Baht.

Bad debts and doubtful debts for the year 2017 were amounted to 523.43 million Baht, increasing from 2016 by 27.08 million Baht, representing 5.46 %. The normal reserve of the Company, compared to the previous year was decreased by 32.92 million Baht. However, the Company has considered increasing the general reserve from the previous year's same period at the amount of 60 million Baht to prepare its reserve according to the accounting standard of IFRS no. 9 which will be effective in 2019. As a result, the overview of bad debts and doubtful debts was increasing compared to the same period of the previous year.

- Net profit

	2016	2017	Increase (Decrease)	%
Net Profit (MB)	1,125.81	881.16	244.66	27.77
Net Profit Ratio (%)	34.04	29.52	4.52	15.31
Yield (%)	7.40	7.75	(0.35)	(4.52)
Cost of fund (%)	2.90	3.64	(0.74)	(20.33)
Interest Spread (%)	4.50	4.11	0.39	9.49

In the year 2017, the Company's net profit was 1,125.81 million Baht, increasing from the year 2016 by 244.66 million Baht or 27.77 %. Net profit margin was 34.04 %, increasing from the previous year by 15.31 %. This was the result of the target achievement of credit expansion. Due to the high competition, the receivable interest rate decreased from 2016 which was 7.75 to 7.40, or by 4.52%. However, the Company could still manage to continuously reduce the finance costs, resulting in the decrease of interest payable rate from the previous year to 2.90. The Company enabled to retain the difference of the interest spread as its business plan at the level of 4.50%.

- **Financial Status**

Total Assets	2017	2016	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total Assets	39,491.79	33,364.87	6,126.92	18.36
Hire-Purchase Account Receivable, Net	38,122.87	32,311.70	5,811.17	17.98
Financial Lease- Account Receivable, Net	475.38	435.84	39.54	9.07
Hire-Purchase Account Receivable to Total Assets (%)	96.53	96.84	(0.31)	(0.32)
Foreclosed Assets	60.17	56.70	3.47	6.12

The key component of the Company's asset structure is hire-purchase debtors. In 2016, the Company had the total hire-purchase debtors of 32,311.70 million Baht (net after deduction of allowance for doubtful accounts), or 96.84 % of the total assets.

In 2017, the Company's total assets were 39,491.79 million Baht, increasing by 18.36 % compared to 2016. The proportion of hire-purchase accounts receivable (net after deduction of allowances for doubtful accounts) in 2017 was 96.53 % of the total assets, closed to the previous year. The Company still emphasized on providing hire-purchase leasing which was its core business, taking care of customers to retain its market share; therefore, the Company has maintained its competitive competency constantly.

- Credit Quality and Allowance for Doubtful Accounts

- Hire-Purchase Account Receivable

The hire-purchase accounts receivables, at the end of 2017, 2016, and 2015 were recorded at 38,122.87 million Baht, 32,311.70 million Baht and 28,520.75 million Baht, respectively. The details are summarized as follows:

Unit : Baht	2017	2016	2015
Hire-purchase account receivable	44,916,702,932	38,012,676,272	33,355,788,380
<u>Less</u> Deferred Interest	<u>(4,958,385,084)</u>	<u>(4,284,782,827)</u>	<u>(3,839,198,986)</u>
Total	39,958,317,848	33,727,893,445	29,516,589,394
<u>Less</u> Allowances for doubtful accounts	<u>(1,835,451,516)</u>	<u>(1,416,195,952)</u>	<u>(995,840,537)</u>
Net account receivables	<u>38,122,866,332</u>	<u>32,311,697,493</u>	<u>28,520,748,857</u>

The classifications of hire-purchase account receivables less deferred interest incomes were shown in the following table.

Period of Overdue	As of 31 st December 2017				
	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	39,776	1.00%	30,521,366	2,274,544	22,746
1-month overdue	6,947	1.00%	4,274,293	279,576	2,796
2-3 month overdue	6,028	2.00%	3,514,297	155,558	3,111
4-6 month overdue	987	20.00%	617,532	617,532	123,507
7-12 month overdue	387	50.00%	188,655	188,655	94,328
Over 12-month overdue	420	100.00%	168,363	168,363	168,363
Account receivables under court judgment	722	100.00%	381,390	381,390	381,390
Account receivables under negotiation agreement	215	100.00%	97,167	97,167	97,167
Receivables from sales of property foreclosed/damages	687	100.00%	195,255	195,255	195,255
Uncollected surplus allowance for doubtful accounts					746,789
Total	56,169		39,958,318	4,358,040	1,835,452

As of 31 st December 2016					
Period of Overdue	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	36,653	1.00%	24,955,947	1,900,466	19,005
1-month overdue	6,733	1.00%	3,784,749	236,351	2,363
2-3 month overdue	6,338	2.00%	3,475,762	143,834	2,877
4-6 month overdue	1,085	20.00%	598,580	598,580	119,716
7-12 month overdue	448	50.00%	214,818	214,818	107,409
Over 12-month overdue	428	100.00%	164,158	164,158	164,158
Account receivables under court judgment	603	100.00%	276,417	276,417	276,417
Account receivables under negotiation agreement	244	100.00%	113,211	113,211	113,211
Receivables from sales of property foreclosed/damages	424	100.00%	144,251	144,251	144,251
Uncollected surplus allowance for doubtful accounts					466,789
Total	52,956		33,727,893	3,792,086	1,416,196

Period of Overdue	As of 31 st December 2015				
	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	33,699	1.00%	20,851,583	1,457,513	14,575
1-month overdue	6,958	1.00%	3,653,626	217,158	2,172
2-3 month overdue	6,883	2.00%	3,630,005	173,148	3,463
4-6 month overdue	1,067	20.00%	643,484	643,484	128,697
7-12 month overdue	554	50.00%	275,492	275,492	137,746
Over 12-month overdue	447	100.00%	210,138	210,138	210,138
Account receivables under court judgment	246	100.00%	113,293	113,293	113,293
Account receivables under negotiation agreement	135	100.00%	61,651	61,651	61,651
Receivables from sales of property foreclosed	219	100.00%	77,317	77,317	77,317
Uncollected surplus allowance for doubtful accounts					246,789
Total	50,208		29,516,589	3,229,194	995,841

Note: The allowance for doubtful account receivable and payable overdue for 4 months up did not deduct the collaterals.

- Financial Lease Accounts Receivable

(Unit : Baht)

2017					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	452,868,842	93.82%	26,079,588	1%	260,796
1-month overdue	16,700,060	3.46%	1,185,967	1%	11,860
2-3-month overdue	3,643,528	0.76%	158,512	2%	3,170
4-6 month overdue	-	0.00%	-	20%	-
7-12 month overdue	4,891,785	1.01%	4,891,785	50%	2,445,892
12 month overdue	4,575,572	0.95%	4,575,572	100%	4,575,572
Total	482,679,787	100.00%	36,891,424		7,297,290

(Unit : Baht)

2016					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	410,464,182	93.15%	20,855,103	1%	208,551
1-month overdue	17,498,690	3.97%	1,421,337	1%	14,213
2-3-month overdue	8,100,196	1.84%	-	2%	-
4-6 month overdue	-	0.00%	-	20%	-
7-12 month overdue	-	0.00%	-	50%	-
12 month overdue	4,580,873	1.04%	4,580,873	100%	4,580,873
Total	440,643,941	100.00%	26,857,313		4,803,637

(Unit : Baht)

2015					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	384,245,421	95.10%	35,071,729	1%	350,717
1-month overdue	13,389,132	3.31%	715,146	1%	7,152
2-3-month overdue	855,792	0.21%	-	2%	-
3-6 month overdue	1,749,136	0.43%	1,749,136	20%	349,827
7-12 month overdue	-	0.00%	-	50%	-
12 month overdue	3,815,464	0.95%	3,815,464	100%	3,815,464
Total	404,054.945	100.00%	41,351,475		4,523,160

In 2015, the Company set aside an allowance for doubtful accounts and financial lease receivables at the amount of 1,000.36 million Baht, increasing by of 80.14 million Baht, or 8.71% compared to the year 2014, resulted from the regular reserve of the Company which continued expansion constantly and the allowance for doubtful accounts in excess of additional potential uncollectible accounts.

In 2016, the Company set aside an allowance for doubtful accounts and financial lease receivables at the amount of 1,420.99 million Baht, increasing by 420.64 million Baht, or 42.05% compared to the year 2015, resulted from the regular reserve of the Company which continued expansion constantly and the allowance for doubtful accounts in excess of additional potential uncollectible accounts.

In 2017, the Company set aside an allowance for doubtful accounts and financial lease receivables of Baht 1,842.75 million, increasing by 421.76 million Baht, or 29.68 % compared to the year 2016. The Company's regular reserved compared to the one in the previous year was decreased by 32.92 million Baht. The Company considered increasing the general reserve from the previous year's same period at the amount of 60 million Baht to prepare its reserve according to the accounting standard of IFRS no. 9 which will be effective in 2019. As a result, the overview of the expenses of bad debts and doubtful debts were increased compared to the same period of the previous year.

The Company has the policy on amortization of loan debtors from the account when the court had judgment that debtors and guarantors pay their debts to the Company and the Company is unable to confiscate their properties or execute the judgment. The amortization of loan debtors as bad debts will lead to the decrease in the allowance for doubtful accounts and bad debt recovery will be recorded in the other incomes. For the year 2017, 2016 and 2015, the Company had written off bad debts at the amount of 101.68 million Baht, 75.73 million Baht, and 190.97 million Baht respectively.

The above table shows that account receivables whose net of interest was not recognized as income in the year 2017, 2016 and 2015 were mainly the regular debtors with less than 3 period overdue totaling 38,309.96 million Baht, 32,216.46 million Baht, and 28,135.21 million Baht, respectively,

representing of 95.88%, 95.52% and 95.32% of the total hire-purchase debtors, respectively. This reflected that most debtors of the Company were in the normal level.

- Adequacy of Allowance for Doubtful Accounts

The Company sets an allowance for doubtful accounts for the hire-purchase and finance leases based on the estimated losses from potential uncollectible accounts. Based on the current status of outstanding receivables, the debtors overdue for less than 3 periods are recorded to an allowance for doubtful accounts of the principal balance net of collaterals and for the debtors overdue for more than 3 periods are recorded to an allowance for doubtful accounts without collaterals and for the debtors under the compromise agreement by the law are recorded to an allowance for doubtful accounts without collaterals as well.

Moreover, the Company took caution by considering on recording an allowance for doubtful debts in excess of potential uncollectible accounts and increasing efficiency in the debt collection in compliance with the expansion of the credit portfolio. At the end of 2017, 2016 and 2015, the Company had non-performing loans (NPL) from hire-purchase and financial lease debtors at the amount of 1,657.92 million Baht, 1,516.02 million Baht and 1,386.94 million Baht, respectively. The allowances for doubtful accounts were 1,842.75 million Baht, 1,420.99 million Baht, and 1,000.36 million Baht, respectively.

In 2017, 2016 and 2015, the Company had allowances for doubtful accounts of 111.15 %, 93.73%, and 72.13% of the non-performing loans, respectively. If the Company considers credit approval carefully and precisely and strictly monitoring on debtors, it believes that the allowances for doubtful accounts will remain appropriate, adequate and effective, under the normal operations of the Company.

- Total Liabilities

	2017	2016	2015
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
Total Liabilities	33,864.50	28,355.48	24,940.42
Short-term Loan and Overdraft	17,202.01	19,959.22	12,901.31
Long-term Loan	339.00	1,188.97	1,399.72
Long-term Bond	15,549.60	6,528.42	9,989.37
Other Liabilities	773.89	678.84	650.02

Total liabilities in 2017, 2016 and 2015 amounted to 33,864.50 million Baht, 28,355.48 million Baht, and 24,940.42 million Baht, respectively. Total debts in 2017 were increased by 19.43% from the year 2016. Total debts in 2016 were increased by 13.69% from the year 2015. Thus, the Company's total debts were increased, which came from the provision of loans, both short term and long term, to support the leasing services of the Company.

At the end of 2017, total liabilities of the Company mainly consisted of short-term loans of 17,202.01 million Baht, long-term loans of 339 million Baht, and long-term debentures of 15,549.60 million Baht.

Other current liabilities were mainly composed of the following items: corporate tax payable, other liabilities, car insurance premium payable of the receivable accounts, deferred transfers and accrued interest payables. In 2017, the other liabilities amounted to 773.89 million Baht, increasing from the year 2016 by 95.05 million Baht or 14.00 %.

- Shareholders' Equity

On 8th April 2015, the Annual General Meeting of Shareholders passed the resolution to allocate the 2014 net profit of 35.38 million Baht to be the legal reserve. From the stock dividend payment on 23rd April 2014, the Company had the number of securities balanced from such stock dividend payment of 1,718 shares which were already paid by cash. The Meeting resolved to decrease its registered capital from the prior of 2,013,524,496 Baht to the new one of 2,013,522,778 Baht (at the par value of 1.00 Baht). The Company registered of such decreased capital to the Ministry of Commerce on 10th April 10, 2015. Later, the Meeting approved the increase of the registered capital from 2,013,522,778 Baht to 2,416,227,333 Baht by issuing new common stock of 402,704,431 shares (at the par value of 1.00 Baht) to support the stock dividend payment of the Company, resulting in the dividend payment at 0.20 Baht/share to the existing shareholders in the ratio of 5 current shares to 1 stock dividend. In case that the calculation of common stock to the stock dividend came into fractions, the Company paid for such fractions to shareholders by cash. The Company already registered the increase of the capital at the Ministry of Commerce on 29th April 2015, and paid the dividend by cash at the rate of 0.03 Baht/share to shareholders, in total of 463,110,169.94 million Baht.

In 2015, the shareholders' equity of the Company was at 4,654.26 million Baht, increasing from the year 2014 by approximately 685.21 million Baht or 17.66 %. The increase was resulted from the annual net profit of 748.66 million Baht and the dividend payment in cash of 60.41 million Baht, including the stock dividend payment in cash of 60.41 million Baht and in stock of 402.70 million Baht.

On 1st April 2016, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2015 net profit of 37.50 million Baht to be the legal reserve. The meeting resolution also approved the dividend payment in cash at the par value of 0.18 Baht to existing shareholders, in total of 434.92 million Baht, or 58.09% of net profits in 2015.

In 2016, the shareholders' equity of the Company was at 5,009.39 million Baht, increasing from the year 2015 by approximately 445.13 million Baht or 9.75 %. The increase was resulted from the annual net profits of 881.16 million Baht and the dividend payment in cash of 434.92 million Baht, including the legal reserve of 45.00 million Baht.

On 1st April 2017, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2016 net profits of 45.00 million Baht to be the legal reserve and approved the dividend payment in cash at the rate of 0.21 Baht/share to the existing shareholders, in total of 507.41 million Baht or 57.58% of the 2016 net profits.

In 2017, the shareholders' equity of the Company was 5,627.30 million Baht, increasing from the year 2016 by approximately 617.91 million Baht or 12.33%. The increase was resulted from the annual net profits of 1,125.81 million Baht and the dividend payment in cash of 507.41 million Baht, including the legal reserve of 14.00 million Baht.

- **Liquidity**

Cash flow	2017	2016	2015
	million Baht	million Baht	million Baht
Cash flow from (for) operations	(3,969.21)	(1,970.26)	162.76
Cash flow from (for) investment activities	(4.79)	(47.11)	(54.21)
Cash flow from (for) funding activities	4,046.53	1,971.37	(148.90)
Net cash flow increase (decrease)	72.53	(46.01)	(40.35)
Cash & cash at bank	190.42	117.88	163.89

In 2015, the Company's net cash flow was decreased by 40.35 million Baht, decreasing from the year 2014 which had the net cash flow at the amount of 204.24 million Baht. From the liquidity table above, in 2015, the Company had net cash flow from the operations at the amount of 162.76 million Baht which was the result of the Company's credit leasing services.

As for the financing activities in 2015, the net cash spending was 148.90 million Baht which was from the provision of loan funding to support the Company's leasing business expansion.

In 2016, the Company's net cash was 117.88 million Baht. The net cash flow of 46.01 million Baht was decreased from the year 2015 which had the net cash flow at the amount of 163.89 million Baht. The net current cash received from the funding activities was 1,971.37 million Baht resulted from financing activities to support the leasing business expansion. The net cash flow spent on normal leasing operations was 1,970.26 million Baht. The net cash flow spent on investment activities was 47.11 million Baht.

In 2017, the Company had cash of 190.42 million Baht. The net cash flow was increased by 72.53 million Baht from the year 2016 which had cash at the amount of 117.88 million Baht, resulted from financing activities to support the Company's leasing business. The net cash flow spent on normal leasing operations was 3,969.21 million Baht. The net cash flow spent on the investment activities was 4.79 million Baht.

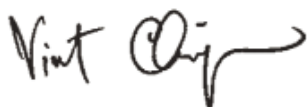
Responsibilities of the Board of Directors for Financial Report

The Board of Directors of Ratchthani Leasing Public Company Limited has duty and responsibility to ensure the compliance with the good corporate governance policy of the preparation, information disclosure, and presentation of the Company's financial statements including financial information displayed in the Annual Report of 2017. Such financial statements were prepared according to the financial reporting standards with thorough consideration on accounting policies selection, appropriate, adequate and consistent estimation related to the financial reports, to ensure that the financial reports did not display information contrary to the material facts for the transparent benefits to shareholders and general investors. The Company's financial statements passed the unconditional review and comment from the Company's certified auditor.

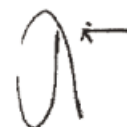
The Board of Directors has appointed the Audit Committee comprising of the independent directors to review accounting policies, take responsible on the quality of financial statements, review the adequacy of the internal control system and internal audit, including the risk management system as well as consider the disclosure of connected transactions. The opinions of the Audit Committee on such issues were displayed in the Audit Committee Report in the annual report.

The Board of Directors has established proper and effective control system, risk management system and internal control system of various aspects in order to rationally assure that the accounting information was correctly and completely recorded and adequate to sustain the Company's assets as well as to prevent any frauds or significantly irregular operations.

The Board of Directors has viewed that the overall internal control system of the Company was at satisfactory level and the internal audit could ensure that the Company's financial statements for the year ended 31st December 2017 was reliable along with the financial reporting standards and was conducted precisely according to the related laws and regulations.



(Mr. Virat Chinprapinporn)
Chairman of the Board of Directors



(Mr. Kovit Rongwattanasophon)
Chief Executive Officer and Managing Director

Report of Audit Committee

The Audit Committee of Ratchthani Leasing Public Company Limited is appointed by the Board of Directors, which comprises of 5 qualified independent directors who are professionals in many aspects and have knowledge and experiences sufficient to perform the duty of examining financial statements. All members of the Audit Committee are not executives or employees of the Company and possess qualifications as required by the regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission. The Audit Committee has been assigned to supervise and review the Company's information related to the financial report and financial information disclosure, internal control system and regulatory practices in compliance with the relevant regulatory agencies. The Audit Committee also has duty to promote the Company's good corporate governance. The members of the Audit Committee are as follows:

1.	Mr. Thakol	Nunthirapakorn, Ph.D.	Chairman of Audit Committee
2.	Mr. Suvit	Arunanondchai	Audit Director
3.	Mr. Varavudh	Varaporn	Audit Director
4.	Asst. Prof. Naengnoi	Chai-onnom	Audit Director
5.	Mr. Surapon	Satimanont	Audit Director

Mr. Boonchu Wongpakdee, Deputy Managing Director of Corporate Strategy and Finance, is the Secretary of the Audit Committee.

In 2017, the Audit Committee held 6 meetings with the certified auditor, the Company's internal auditor, management and executives from relevant departments to consider and review the financial statements, connected transactions, listen to the explanation and give suggestion beneficial to the accuracy, completion and reliability of financial reports including the efficiency improvement of the internal control. The resolutions of each meeting shall be summarized to the Board of Directors on the significant issues for acknowledgement and undertaking for improvement. The implementation of the Audit Committee is mainly summarized as follows:

The Accuracy, Completion and Reliability of Financial Reports

The Audit Committee reviewed the quarterly and annual financial statements of the Company by consulting with the auditor and management of finance and accounting department. Besides, the Audit Committee arranged the meetings with the auditor, excluding the participation of the management, to consider on the independence of the auditor in performing his duties and expressing his opinion to ensure that the financial statements had been conducted in accordance with General Accepted Accounting

Principles, with correct key information and adequate, accurate, reliable information disclosure. In addition, the committee observed and acknowledged the solution approach beneficial to the Company, including promoting on preparing its financial statements according to the International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) to comply with the guidelines defined by Federation of Accounting Professions under The Royal Patronage and the Securities and Exchange Commission (SEC).

The Sufficiency and Examination of Internal Control System

The Audit Committee reviewed the internal control system to ensure the Company has good and efficient internal control system including anti-corruption control system. To consider on such system, the committee monitored the internal control system together with the independent internal auditor on planning and approval of the annual audit plan, including the sufficiency and suitability of employees, and independence in conducting the internal audit. The Audit Committee followed up on the performance and corrective actions according to the audit report on any significant issues continuously. This shall lead to good internal control system, efficient risk management, and good corporate governance.

Risk Management

In the previous year, the Audit Committee reviewed the Company's various aspects of the risk management, considered and proposed the risk factors which had significant effects on the Company's operations and business plan to the Board of Directors.

Auditor

The Audit Committee considered the qualification, independence, performance and proper remuneration of the auditor, and presented to the Board of Directors.

Compliance with Regulations, Laws or Other Relevant Requirements

The Audit Committee has reviewed and monitored the operation of the Company in accordance with the rules and regulations of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand including the laws or other requirements relevant to the Company's business to ensure that the Company has complied with such regulations completely.

Connected Transactions or Transaction with Conflict of Interest

The Audit Committee considered and examined the connected transactions, or transactions with conflict of interest by considering the necessity, reasonability, transparency, information disclosure, including other requirements received from the Company before proposing to the Board of Directors for such transactions approval.

The Audit Committee considered and agreed that the Company has prepared the reports and disclosed the accurate financial information properly, adequately and in accordance with the generally accepted accounting principles. The internal control system and the examination of internal control system were effective, adequate, and appropriately organized. The risk management was efficient. The Company's operations were in compliance with the relevant regulations strictly. The auditor was supported to perform his/her duties on expressing an opinion on the financial reports independently. In addition, the connected transactions and any conflicts of interest were undertaken with transparency, reasonability and sufficient disclosure.



(Mr. Thakol Nunthirapakornn, Ph. D.)

Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Ratchthani Leasing Public Company Limited

Opinion

I have audited the accompanying financial statements of Ratchthani Leasing Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ratchthani Leasing Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were 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.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowance for doubtful accounts for hire purchase and financial lease receivables

As discussed in Note 4.5 to the financial statements, the estimation of allowance for doubtful accounts for hire purchase and financial lease receivables was based on the estimated possible loss from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgement in estimating allowances for loss that are expected to be incurred for each debtor and determining the timing of the recognition of such allowances. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2017, the Company had hire purchase and financial lease receivables - net of Baht 38,598 million (representing 98% of total assets) and allowance for doubtful accounts of Baht 1,843 million. Therefore, I focused on the audit of the adequacy of the allowance for doubtful accounts.

I assessed and tested the internal controls relevant to the collection of debts, the calculation of debtor aging and the determination of allowance for doubtful accounts for hire purchase and financial lease receivables and the recording of related accounting entries by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the methods, key information and assumptions used by the Company in calculating the allowance for doubtful accounts by reviewing key information to its sources, and performing comparative analysis on the assumptions that the Company used and the historical data. In addition, I evaluated the consistency of the application of assumptions, performed sampling tests on the data used in calculation of the allowance, and tested the calculation of debtor aging and allowance for doubtful accounts.

Recognition of interest income

The Company's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2017, the Company's revenue mainly consisted of interest income from hire purchase and financial lease receivables amounting to Baht 2,761 million (representing 83 percent of total revenue). The interest income was derived from hire purchase and financial lease agreements with a large number of customers, most of whom are retail customers. In addition, revenue recognition relies primarily on data processing by information technology systems. Therefore, I focused on the audit of the amount and timing of interest income recognition.

I assessed and tested the Company's information technology system controls and the internal controls related to the processes of loan origination, loan collection and calculation for interest income recognition by making enquiry of responsible executives, gaining an understanding of the designed internal controls and selecting representative samples to test the operation of the designed controls that respond to the amount and timing of the revenue recognition in the Company's financial statements. Moreover, I applied a sampling method to select hire purchase and financial lease agreements to assess whether the recording of loans and the interest revenue recognition were consistent with the conditions of the relevant agreements, and in compliance with the Company's policy. In addition, I performed analytical procedures on the revenue figures recognised throughout the period and, on a sampling basis, tested the cessation of recognition of interest revenue and examined the accounting entries for interest income recorded through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do 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 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

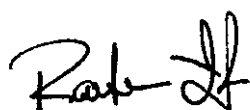
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 management.
- Conclude on the appropriateness of management's 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

I am responsible for the audit resulting in this independent auditor's report.



Ratana Jala

Certified Public Accountant (Thailand) No.3734

EY Office Limited

Bangkok: 16 February 2018

Ratchthani Leasing Public Company Limited**Statements of financial position****As at 31 December 2017**

		(Unit: Baht)	
	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	6	190,417,050	117,883,514
Current portion of hire purchase receivables - net	7	13,519,866,418	12,066,235,983
Current portion of financial lease receivables - net	8	151,761,072	133,830,794
Other receivables		54,486,777	52,944,511
Property foreclosed - net	10	60,173,292	56,695,020
Undue input vat		163,279,578	20,677,152
Other current assets		5,741,727	7,480,814
Total current assets		14,145,725,914	12,455,747,788
Non-current assets			
Hire purchase receivables - net of current portion	7	24,602,999,914	20,245,461,510
Financial lease receivables - net of current portion	8	323,621,425	302,009,510
Other long-term investment		243,717	212,742
Investment properties	11	19,326,498	19,326,498
Land, building and equipment - net	12	119,954,638	129,346,431
Intangible assets - net	13	8,863,368	10,206,194
Deferred tax assets - net	14	269,599,341	200,445,864
Other non-current assets		1,457,168	2,112,168
Total non-current assets		25,346,066,069	20,909,120,917
Total assets		39,491,791,983	33,364,868,705

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited**Statements of financial position (continued)****As at 31 December 2017**

		(Unit: Baht)	
	Note	2017	2016
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	15		
Related parties		1,570,000,000	3,180,000,000
Unrelated parties		11,246,297,949	7,869,364,732
Short-term loans	16		
Related persons and related parties		226,000,000	220,000,000
Unrelated persons and unrelated parties		160,500,000	523,000,000
Other payables	17	269,550,267	274,106,496
Accrued interest		123,181,824	96,499,542
Current portion of hire purchase and financial lease payables			
payables	18	3,372,477	3,066,453
Current portion of long-term loans	19	899,967,692	499,750,098
Current portion of debentures - Unrelated parties	20	3,099,248,141	7,667,104,605
Income tax payable		177,867,334	141,216,169
Other current liabilities		166,945,032	137,592,729
Total current liabilities		17,942,930,716	20,611,700,824
Non-current liabilities			
Hire purchase and financial lease payables			
- net of current portion	18	7,400,748	4,505,446
Long-term loans - net of current portion	19		
Related persons and related parties		28,000,000	28,000,000
Unrelated persons and unrelated parties		311,000,000	1,160,967,692
Debentures - net of current portion	20		
Related parties		380,721,880	299,690,092
Unrelated parties		15,168,876,310	6,228,731,541
Provision for long-term employee benefits	21	25,566,390	21,884,199
Total non-current liabilities		15,921,565,328	7,743,778,970
Total liabilities		33,864,496,044	28,355,479,794

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited**Statements of financial position (continued)****As at 31 December 2017**

		(Unit: Baht)	
	Note	2017	2016
Shareholders' equity			
Share capital			
Registered			
2,416,227,333 ordinary shares of Baht 1 each		2,416,227,333	2,416,227,333
Issued and fully paid-up			
2,416,227,209 ordinary shares of Baht 1 each		2,416,227,209	2,416,227,209
Share premium		319,888,163	319,888,163
Retained earnings			
Appropriated - statutory reserve	23	242,000,000	228,000,000
Unappropriated		2,649,180,567	2,045,273,539
Total shareholders' equity		5,627,295,939	5,009,388,911
Total liabilities and shareholders' equity		39,491,791,983	33,364,868,705

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited**Statements of comprehensive income****For the year ended 31 December 2017**

		(Unit: Baht)	
	Note	2017	2016
Profit or loss:			
Revenues			
Hire purchase interest income		2,729,352,670	2,454,772,557
Financial leases interest income		31,257,277	29,743,773
Fees and service income		301,656,520	273,160,878
Other income		244,968,582	227,513,857
Total revenues		3,307,235,049	2,985,191,065
Expenses			
Selling expenses		174,449,872	157,472,577
Administrative expenses		321,290,777	282,115,955
Bad debts and doubtful accounts	9	523,432,570	496,346,406
Total expenses		1,019,173,219	935,934,938
Profit before finance cost and income tax expenses		2,288,061,830	2,049,256,127
Finance cost		(882,406,185)	(946,996,380)
Profit before income tax expenses		1,405,655,645	1,102,259,747
Income tax expenses	14.2	(279,842,742)	(221,102,863)
Profit for the year		1,125,812,903	881,156,884
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial loss		(622,858)	(1,379,458)
Less: Income tax effect	14.2	124,572	275,892
Other comprehensive income for the year (loss)		(498,286)	(1,103,566)
Total comprehensive income for the year		1,125,314,617	880,053,318
Earnings per share	25		
Basic earnings per share		0.47	0.36

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited
Statements of changes in shareholders' equity
For the year ended 31 December 2017

	Issued and fully paid-up	Share premium	Retained earnings		Total
	share capital		Appropriated - statutory reserve	Unappropriated	shareholders' equity
Balance as at 1 January 2016	2,416,227,209	319,888,163	183,000,000	1,645,141,118	4,564,256,490
Profit for the year	-	-	-	881,156,884	881,156,884
Other comprehensive income for the year (loss)	-	-	-	(1,103,566)	(1,103,566)
Total comprehensive income for the year	-	-	-	880,053,318	880,053,318
Appropriate statutory reserve	-	-	45,000,000	(45,000,000)	-
Dividend paid (Note 22)	-	-	-	(434,920,897)	(434,920,897)
Balance as at 31 December 2016	2,416,227,209	319,888,163	228,000,000	2,045,273,539	5,009,388,911
Balance as at 1 January 2017	2,416,227,209	319,888,163	228,000,000	2,045,273,539	5,009,388,911
Profit for the year	-	-	-	1,125,812,903	1,125,812,903
Other comprehensive income for the year (loss)	-	-	-	(498,286)	(498,286)
Total comprehensive income for the year	-	-	-	1,125,314,617	1,125,314,617
Appropriate statutory reserve	-	-	14,000,000	(14,000,000)	-
Dividend paid (Note 22)	-	-	-	(507,407,589)	(507,407,589)
Balance as at 31 December 2017	2,416,227,209	319,888,163	242,000,000	2,649,180,567	5,627,295,939

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited**Cash flows statements****For the year ended 31 December 2017**

	(Unit: Baht)	
	2017	2016
Cash flows from operating activities		
Profit before income tax	1,405,655,645	1,102,259,747
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	23,883,322	19,621,721
Bad debts and doubtful accounts	523,432,570	496,346,406
(Gain) Loss on sales of land, building and equipment	(821,121)	1,712
Impairment loss on property foreclosed (reversal)	9,196,548	(4,166,792)
Reversal of impairment loss on investment	(30,975)	(26,886)
Increase in provision for long-term employee benefits	3,059,333	2,692,928
Impairment loss on other assets - output vat paid in advance	1,578,128	1,241,782
Interest income	(2,760,609,947)	(2,484,516,330)
Interest expenses	882,406,185	946,996,380
Profit from operating activities before changes in operating assets and liabilities	87,749,688	80,450,668
Operating assets (increase) decrease		
Hire purchase receivables	(6,943,740,337)	(4,935,615,985)
Financial lease receivables	(42,845,211)	(37,378,229)
Other receivables	(3,120,393)	(3,282,847)
Property foreclosed	350,612,261	455,743,850
Other current assets	(140,863,339)	(13,263,463)
Other non-current assets	655,000	1,311,008
Operating liabilities increase (decrease)		
Other payables	(4,556,229)	4,209,369
Other current liabilities	29,352,303	15,534,258
Cash flows used in operating activities	(6,666,756,257)	(4,432,291,371)
Cash received from interest	3,009,764,813	2,710,980,290
Cash paid for income tax	(312,220,482)	(248,950,089)
Net cash flows used in operating activities	(3,969,211,926)	(1,970,261,170)

The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited**Cash flows statements (continued)****For the year ended 31 December 2017**

	(Unit: Baht)	
	2017	2016
Cash flows from investing activities		
Decrease in restricted bank deposits	-	300,000
Cash received from available-for-sale investments	800,002,000	-
Cash paid for available-for-sale investments	(800,002,000)	-
Cash paid for acquisition of land, building and equipment	(3,857,536)	(45,323,021)
Cash paid for acquisition of intangible assets	(3,026,550)	(2,098,500)
Proceeds from sales of land, building and equipment	2,096,826	7,032
Net cash used in investing activities	(4,787,260)	(47,114,489)
Cash flows from financing activities		
Increase in short-term loans from financial institutions	1,617,081,758	4,744,368,266
Decrease in short-term loans	(356,500,000)	(401,000,000)
Cash received from long-term loans	50,000,000	289,000,000
Repayment for long-term loans	(500,000,000)	(83,333,300)
Cash received from issuance of long-term debentures	12,112,878,788	4,199,115,100
Repayment for long-term debentures	(7,670,000,000)	(5,500,000,000)
Repayment for hire purchase and financial lease payables	(4,338,997)	(5,927,758)
Dividend payment	(507,407,589)	(434,920,897)
Cash paid for interest	(695,181,238)	(835,934,728)
Net cash flows from financing activities	4,046,532,722	1,971,366,683
Net increase (decrease) in cash and cash equivalents	72,533,536	(46,008,976)
Cash and cash equivalents at beginning of year	117,883,514	163,892,490
Cash and cash equivalents at end of year	190,417,050	117,883,514

Supplement cash flows information

Non-cash item

Properties foreclosed received for debts settlement	363,287,081	422,926,695
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The accompanying notes are an integral part of the financial statements.

Ratchthani Leasing Public Company Limited

Notes to financial statements

For the year ended 31 December 2017

1. Corporate information

Ratchthani Leasing Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Thanachart Bank Public Company Limited, a public limited company existing under Thai laws. The parent company of the Group is Thanachart Capital Public Company Limited, a public limited company also existing under Thai laws. The Company is principally engaged in the providing financial services specifically hire-purchase and leasing. The Company’s registered address is 77/35-36, 11 UP and 14 Floor, Sinsatorn Tower, Krungdhonburi, Klongtonsai, Klongsarn, Bangkok.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest income under hire purchase and financial lease

Interest income under hire purchase and financial lease are recognised on an accrual basis by using effective interest method.

The Company ceases accruing income for receivables which installment payment has been defaulted for more than three installments past the due date. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

Interest income received in advance, represents discounts on interest granted to the debtors by dealers, is recognised as income based on the effective interest method in the same manner as interest income recognised on hire purchase receivable.

b) Fees and service income

Fees and service income are recognised when services have been rendered.

4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Commission and expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts. The Company recognised all deferred initial direct expenses as expenses when the receivables are more than three installments overdue.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct costs at the inception of the contracts.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Hire purchase and financial lease receivables

Hire purchase and financial lease receivables are stated at the contract value net of unearned income, which is presented after netting initial direct costs at the inception of the contracts.

4.5 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for hire purchase and financial lease receivables based on the amount of debts that may not be collectible, determined by analysis of the current status of the receivables. Allowance for doubtful accounts is provided based on the loan balances net of collateral value for receivables overdue by no more than 3 installments, and without deducting collateral value for receivables that overdue by more than 3 installments, receivables under debt compositions and legal receivables.

	<u>Provisioning rate (%)</u>
Normal loans and past due not more than 1 installment	1
Past due more than 1 installments	2
Past due more than 3 installments	20
Past due more than 6 installments	50
Past due more than 12 installments	100

Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income. The Company has a policy to write-off receivables when a court has ordered a debtor to make payment of a debt but the debtor is unable to do so. Amounts written off as bad debts are deducted from allowance for doubtful accounts, and bad debt recovery is recognised as other income.

4.6 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value.

Gain (loss) on disposal of property foreclosed is recognised in part of profit or loss when disposal. Impairment loss of property foreclosed are recognised as expenses in part of profit or loss.

4.7 Investments

Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for loss on impairment (if any).

4.8 Investment properties

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

4.9 Land, building and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of building and equipment is calculated with reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium units	-	20 years
Building improvement	-	5 years
Furniture, fixtures and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and building improvement in process.

An item of land, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the asset is derecognised.

4.10 Intangible assets

Intangible assets are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The Company amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expenses are recognised as expenses in part of profit or loss.

Intangible assets with finite useful lives have useful lives of approximately 5 - 10 years.

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.12 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Long-term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Moreover, payments made under operating leases are recognised as expenses in part of profit or loss over the term of the leases on the straight-line basis.

4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the land, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Fair value measurement

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities, except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts for hire purchase/financial lease receivables

In determining an allowance for doubtful accounts for hire purchase and financial lease receivables, the management needs to make judgement and estimates the probable loss based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

Land, building and equipment and depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2017	2016
Cash	7,915	4,144
Bank deposits	182,502	113,740
Total	190,417	117,884

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.37 and 0.80 percent per annum (2016: between 0.37 and 0.40 percent per annum).

7. Hire purchase receivables

7.1 As at 31 December 2017 and 2016, hire purchase receivables generally have terms 24 - 60 months and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of hire purchase receivables are classified by due date per the contract, as follows:

(Unit: Thousand Baht)

	2017			
	Amounts due under the agreements			
	Due within 1 year ⁽¹⁾	1 - 5 years	Due over 5 years	Total
Hire purchase receivables	17,911,882	26,999,656	5,165	44,916,703
Less: unearned financial income ⁽²⁾	(2,578,406)	(2,379,933)	(46)	(4,958,385)
Present value of the minimum lease payment receivables	15,333,476	24,619,723	5,119	39,958,318
Less: Allowance for doubtful accounts ⁽³⁾	(1,813,610)	(21,833)	(9)	(1,835,452)
Hire purchase receivables - net	13,519,866	24,597,890	5,110	38,122,866

(1) The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of hire-purchase.

(3) Current portion of allowance for doubtful accounts included additional provision for uncollectible receivables.

(Unit: Thousand Baht)

	2016			
	Amounts due under the agreements			
	Due within 1 year ⁽¹⁾	1 - 5 years	Due over 5 years	Total
Hire purchase receivables	15,737,322	22,267,101	8,253	38,012,676
Less: unearned financial income ⁽²⁾	(2,273,353)	(2,011,319)	(111)	(4,284,783)
Present value of the minimum lease payment receivables	13,463,969	20,255,782	8,142	33,727,893
Less: Allowance for doubtful accounts ⁽³⁾	(1,397,733)	(18,448)	(15)	(1,416,196)
Hire purchase receivables - net	12,066,236	20,237,334	8,127	32,311,697

(1) The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of hire-purchase.

(3) Current portion of allowance for doubtful accounts included additional provision for uncollectible receivables.

7.2 As at 31 December 2017 and 2016, the balances of hire purchase receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Age of receivables	2017				
	Number of contracts	Hire purchase receivables - net of unearned financial income	Hire purchase receivables - net of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	39,776	30,521,366	2,274,544	1%	22,746
Past due not more than 1 installment	6,947	4,274,293	279,576	1%	2,796
Past due more than 1 installments	6,028	3,514,297	155,558	2%	3,111
Past due more than 3 installments	987	617,532	617,532	20%	123,507
Past due more than 6 installments	387	188,655	188,655	50%	94,328
Past due more than 12 installments	420	168,363	168,363	100%	168,363
Court judge receivables	722	381,390	381,390	100%	381,390
Receivables under compromise agreement	215	97,167	97,167	100%	97,167
Receivables from sales of property foreclosed /Recoverable damages receivables	687	195,255	195,255	100%	195,255
Total	56,169	39,958,318	4,358,040		1,088,663
Allowance for doubtful accounts					
- additional provision for uncollectible receivables					746,789
Total					1,835,452

(1) Hire purchase receivables that are more than 3 installments past due, court judge receivables, receivables under compromise agreement, receivables from sales of property foreclosed and recoverable damages receivables are presented after deduction of unearned financial income, without deducting collateral value.

(Unit: Thousand Baht)

2016					
Age of receivables	Number of contracts	Hire purchase receivables - net			
		Hire purchase receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	36,653	24,955,947	1,900,466	1%	19,005
Past due not more than 1 installment	6,733	3,784,749	236,351	1%	2,363
Past due more than 1 installments	6,338	3,475,762	143,834	2%	2,877
Past due more than 3 installments	1,085	598,580	598,580	20%	119,716
Past due more than 6 installments	448	214,818	214,818	50%	107,409
Past due more than 12 installments	428	164,158	164,158	100%	164,158
Court judge receivables	603	276,417	276,417	100%	276,417
Receivables under compromise agreement	244	113,211	113,211	100%	113,211
Receivables from sales of property foreclosed /Recoverable damages receivables	424	144,251	144,251	100%	144,251
Total	52,956	33,727,893	3,792,086		949,407
Allowance for doubtful accounts - additional provision for uncollectible receivables					466,789
Total					1,416,196

(1) Hire purchase receivables that are more than 3 installments past due, court judge receivables, receivables under compromise agreement, receivables from sales of property foreclosed and recoverable damages receivables are presented after deduction of unearned financial income, without deducting collateral value.

7.3 As at 31 December 2017, the Company had hire purchase receivables amounting to approximately Baht 2,158 million, for which revenue recognition has ceased (2016: Baht 2,110 million).

7.4 As at 31 December 2017, the Company had non-performing loans (receivables overdue more than 3 installments) amounting to approximately Baht 1,648 million (2016: Baht 1,511 million).

- 7.5** During the year ended 31 December 2017, receivables under 380 hire purchase contracts amounting to Baht 315 million negotiated restructuring by modification of terms, whereby repayment schedules were extended. The remaining periods to maturity of these receivables under the new contracts are as follows:

Period	Number of contracts	Outstanding loan balances (Thousand Baht)
Defaulted after reschedule	156	123,832
Due in over 1 year	215	186,795
Premature settlement	9	4,093
Total	380	314,720

As at 31 December 2017, there remained 1,613 hire purchase receivable contracts for which modifications of terms had been negotiated, with outstanding balances totaling Baht 775 million.

- 7.6** The notification of the Institute of Certified Accountants and Auditors of Thailand, approved by the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and recognition of revenue cease for accounts receivable which are overdue by more than three installments, and general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or use an alternative method where the Company believes that this would be more appropriate. The Company estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, and historical loss experience, and believes that rates currently used to set allowance for doubtful accounts are appropriate.

8. Financial lease receivables

8.1 As at 31 December 2017 and 2016, the average contract period of the Company's financial lease receivables are 36 - 60 installments and equally installment payment with interest charged at the fixed rate as specified in the contracts. The balances of financial lease receivables are classified by period due as follows:

(Unit: Thousand Baht)

	2017		
	Amounts due under the agreements		
	Within 1 year ⁽¹⁾	1 - 5 years	Total
Financial lease receivables	188,040	356,133	544,173
Less: Unearned financial income ⁽²⁾	(29,186)	(32,308)	(61,494)
Present value of the minimum lease payments			
receivables	158,854	323,825	482,679
Less: Allowance for doubtful accounts	(7,093)	(204)	(7,297)
Financial lease receivables - net	151,761	323,621	475,382

(1) The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of financial leases.

(Unit: Thousand Baht)

	2016		
	Amounts due under the agreements		
	Within 1 year ⁽¹⁾	1 - 5 years	Total
Financial lease receivables	165,062	333,332	498,394
Less: Unearned financial income ⁽²⁾	(26,593)	(31,157)	(57,750)
Present value of the minimum lease payments			
receivables	138,469	302,175	440,644
Less: Allowance for doubtful accounts	(4,638)	(166)	(4,804)
Financial lease receivables - net	133,831	302,009	435,840

(1) The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of financial leases.

8.2 As at 31 December 2017 and 2016, the balances of financial lease receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

2017					
Age of receivables	Number of contracts	Financial lease receivables - net			
		Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	317	452,869	26,080	1%	261
Past due not more than 1 installment	10	16,700	1,186	1%	12
Past due more than 1 installments	3	3,643	159	2%	3
Past due more than 3 installments	-	-	-	20%	-
Past due more than 6 installments	2	4,892	4,892	50%	2,446
Past due more than 12 installments	4	4,575	4,575	100%	4,575
Total	336	482,679	36,892		7,297

(1) Financial lease receivables that are more than 3 installments past due are presented after deduction of unearned financial income, without deducting collateral value.

(Unit: Thousand Baht)

2016					
Age of receivables	Number of contracts	Financial lease receivables - net			
		Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	276	410,464	20,855	1%	209
Past due not more than 1 installment	10	17,499	1,421	1%	14
Past due more than 1 installments	4	8,100	-	2%	-
Past due more than 3 installments	-	-	-	20%	-
Past due more than 6 installments	-	-	-	50%	-
Past due more than 12 installments	4	4,581	4,581	100%	4,581
Total	294	440,644	26,857		4,804

(1) Financial lease receivables that are more than 3 installments past due are presented after deduction of unearned financial income, without deducting collateral value.

8.3 As at 31 December 2017, the Company had financial lease receivables for which revenue recognition has ceased, and had non-performing loans amounting to approximately Baht 9 million (2016: Baht 5 million).

9. Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase and financial lease receivables for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Balance beginning of the year	1,421,000	1,000,364
Add: Doubtful account increase during the year	523,433	496,346
Less: Bad debt written - off	(101,684)	(75,710)
Balance end of the year	<u>1,842,749</u>	<u>1,421,000</u>

10. Property foreclosed

(Unit: Thousand Baht)

	For the year ended 31 December 2017			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Cost	88,256	439,360	(426,685)	100,931
Less: Allowance for impairment	(31,561)	(9,197)	-	(40,758)
Net	<u>56,695</u>	<u>430,163</u>	<u>(426,685)</u>	<u>60,173</u>

(Unit: Thousand Baht)

	For the year ended 31 December 2016			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Cost	121,073	478,673	(511,490)	88,256
Less: Allowance for impairment	(35,728)	4,167	-	(31,561)
Net	<u>85,345</u>	<u>482,840</u>	<u>(511,490)</u>	<u>56,695</u>

11. Investment properties

The investment properties represent land which currently undetermined future use. As at 31 December 2017, the fair value of investment properties amounted to Baht 35 million determined based on market price performed by an independent valuer. (2016: Baht 32 million)

12. Land, building and equipment

(Unit: Thousand Baht)

For the year ended 31 December 2017							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
1 January 2017	5,890	94,215	27,330	37,192	28,299	477	193,403
Additions	-	-	637	1,749	8,577	435	11,398
Disposals/written off	-	-	-	(12)	(9,549)	-	(9,561)
31 December 2017	5,890	94,215	27,967	38,929	27,327	912	195,240
Accumulated depreciation							
1 January 2017	-	19,421	7,117	19,196	18,323	-	64,057
Depreciation for the year	-	4,711	4,407	5,291	5,104	-	19,513
Disposals/written off	-	-	-	(12)	(8,273)	-	(8,285)
31 December 2017	-	24,132	11,524	24,475	15,154	-	75,285
Net book value							
31 December 2017	5,890	70,083	16,443	14,454	12,173	912	119,955
Depreciation charge for the year							19,513

(Unit: Thousand Baht)

For the year ended 31 December 2016							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
1 January 2017	5,890	81,481	9,743	24,603	23,916	202	145,835
Additions	-	12,734	19,310	12,741	4,383	275	49,443
Disposals/written off	-	-	(1,723)	(152)	-	-	(1,875)
31 December 2017	5,890	94,215	27,330	37,192	28,299	477	193,403
Accumulated depreciation							
1 January 2017	-	14,758	7,148	15,891	13,262	-	51,059
Depreciation for the year	-	4,663	1,692	3,449	5,061	-	14,865
Disposals/written off	-	-	(1,723)	(144)	-	-	(1,867)
31 December 2017	-	19,421	7,117	19,196	18,323	-	64,057
Net book value							
31 December 2017	5,890	74,794	20,213	17,996	9,976	477	129,346
Depreciation charge for the year							14,865

As at 31 December 2017, certain building improvement, equipment and motor vehicles items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 22 million (2016: Baht 18 million).

13. Intangible assets

The intangible assets are computer software which presented below.

(Unit: Thousand Baht)

For the year ended 31 December 2017				
	Balance - beginning of the year	Additions	Amortised	Balance - end of the year
Cost	33,412	3,027	-	36,439
Less: Accumulated amortisation	(23,206)	-	(4,370)	(27,576)
Net book value	10,206	3,027	(4,370)	8,863
Amortisation during the year				4,370
Remaining useful lives				0 - 8 years

(Unit: Thousand Baht)

For the year ended 31 December 2016				
	Balance - beginning of the year	Additions	Amortised	Balance - end of the year
Cost	31,314	2,098	-	33,412
Less: Accumulated amortisation	(18,448)	-	(4,758)	(23,206)
Net book value	12,866	2,098	(4,758)	10,206
Amortisation during the year				4,758
Remaining useful lives				0 - 8 years

As at 31 December 2017, certain intangible assets have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 12 million (2016: Baht 12 million).

14. Deferred tax assets/income tax expenses

14.1 Deferred tax assets

As at 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Deferred tax assets		
Allowance for doubtful accounts	333,725	254,312
Allowance for impairment - properties foreclosed	8,152	6,313
Difference of financial lease income	-	818
Provision for long-term employee benefits	5,113	4,377
Others	3,364	2,471
Total	350,354	268,291
Deferred tax liabilities		
Deferred initial direct costs of hire-purchase	76,197	65,682
Deferred fees/expenses on borrowings	3,237	1,951
Difference of financial lease income	1,219	-
Others	102	212
Total	80,755	67,845
Deferred tax assets - net	269,599	200,446

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Current income tax:		
Current income tax charge for the year	347,297	283,662
Adjustments in respect of current income tax of previous period	1,575	1,934
Deferred tax:		
Relating to origination and reversal of temporary differences	(69,029)	(64,493)
Income tax expenses reported in the statements of comprehensive income	279,843	221,103

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Deferred tax relating to actuarial loss	125	276

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rate for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Accounting profits before tax	1,405,656	1,102,260
Applicable tax rate	20%	20%
Income tax at the applicable tax rate	281,131	220,452
Adjustments in respect of current income tax of previous period	1,575	1,934
Tax effect of non-deductible income/ expenses	(2,863)	(1,283)
Income tax expenses reported in the statements of comprehensive income	279,843	221,103

15. Short-term loans from financial institutions

		(Unit: Thousand Baht)	
	Interest rate	2017	2016
Related party - Parent company			
Short-term loan - Promissory notes	Fixed	1,570,000	3,180,000
		1,570,000	3,180,000
Unrelated party			
Short-term loan - Promissory notes	Fixed	1,550,000	250,000
Bill of exchange	Fixed	9,696,298	7,619,365
Total		11,246,298	7,869,365

Short-term loans in the form of promissory notes have maturities as stipulated in each of the note. Interest is payable monthly. The relevant agreements contain certain terms and conditions, such as a requirement to maintain a debt to equity ratio of not more than 10:1. In addition, the Company had loans in the form of bills of exchange with maturities as stipulated on each of the bill.

As at 31 December 2017, the short-term credit facilities with its related company and unrelated companies which have not yet been drawn down amounted to Baht 4,370 million. (2016: Baht 1,110 million)

16. Short-term loans

As at 31 December 2017 and 2016, these short-term loans are in the form of promissory notes with related parties and unrelated parties. They have fixed interest rates and principal are payable as stipulated in each of the note.

17. Other payables

	(Unit: Thousand Baht)	
	2017	2016
Payables for car purchase	178,691	191,372
Other payables - insurance premium payable	59,262	56,096
Accrued expenses	29,886	24,394
Other payables	1,711	2,244
Total other payables	269,550	274,106

18. Liabilities under hire purchase and finance lease agreements

	(Unit: Thousand Baht)	
	2017	2016
Liabilities under hire purchase and finance lease agreements	11,852	8,125
Less: Deferred interest expenses	(1,079)	(554)
Total	10,773	7,571
Less : Current portion due within one year	(3,372)	(3,066)
Liabilities under hire purchase and finance lease agreements - net of current portion	7,401	4,505

The Company has entered into hire purchase and finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 - 5 years.

As at 31 December 2017, the Company had commitment to pay minimum lease payments under the hire purchase and finance lease agreements as follows:

	(Unit: Thousand Baht)		
	2017		
	Less than		
	1 year	1-5 years	Total
Minimum lease payments	3,872	7,980	11,852
Less: Deferred interest expenses	(500)	(579)	(1,079)
Present value of minimum lease payments	3,372	7,401	10,773

(Unit: Thousand Baht)

	2016		
	Less than		
	1 year	1-5 years	Total
Minimum lease payments	3,331	4,794	8,125
Less: Deferred interest expenses	(265)	(289)	(554)
Present value of minimum lease payments	3,066	4,505	7,571

19. Long - term loans

(Unit: Thousand Baht)

	2017	2016
a) A long-term credit facility from a bank amounting to Baht 800 million, repayable in full within 3 years from the drawdown date. Since April 2015, the term of repayment has been extended to repayable in full within 75 months. Interest is charged at fixed rate per annum and payable monthly	800,000	800,000
b) A long-term credit facility from a bank amounting to Baht 500 million, repayable in full within 4 years from the drawdown date, with interest at fixed rate per annum and payable monthly	-	500,000
c) A long-term credit facility from a bank amounting to Baht 200 million, repayable in full within 3 years from the drawdown date, with interest at fixed rate per annum and payable quarterly	200,000	200,000
d) Long-term loans in the form of promissory notes from related parties and unrelated parties		
- Related persons and related parties	28,000	28,000
- Unrelated persons and unrelated parties	211,000	161,000
Total	1,239,000	1,689,000
Less: Deferred loans issuing costs	(32)	(282)
Long-term loans	1,238,968	1,688,718
Less: Current portion due within one year	(899,968)	(499,750)
Long-term loans - net of current portion	339,000	1,188,968

The outstanding loan agreements described above require the Company to comply with certain terms and conditions as specified in each agreement, including maintenance of a debt to equity ratio of not more than 10:1.

Movements in the long-term loans account during the years ended 31 December 2017 and 2016 are summarised below.

	(Unit : Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Balance as at the beginning of the year	1,689,000	1,483,333
Add: Loans drawdown during the year	50,000	289,000
Less: Loans repayment during the year	(500,000)	(83,333)
Balance as at the end of the year	1,239,000	1,689,000

20. Debentures

The Company issued registered, unsecured, unsubordinated debentures as follows:

(Unit: Thousand Baht)					
Year of issuance	Debenture period	Maturity date	Interest rate	2017	2016
			(% p.a.)		
2013	3 - 4 years	April - October 2017	4.70 - 4.80	-	5,760,000
2014	2 - 3 years	April - July 2017	4.10 - 4.25	-	380,000
2014	3 - 4 years	May 2017 - May 2018	4.22 - 4.75	2,000,000	2,560,000
2015	2 - 3 years	July 2017 - September 2018	3.00 - 3.35	800,000	1,000,000
2015	3 - 4 years	October 2018	3.00	300,000	300,000
2016	1 - 2 years	December 2017	2.60	-	770,000
2016	2 - 3 years	April - September 2019	2.70 - 3.00	2,820,000	2,820,000
2016	3 - 4 years	February - July 2019	2.88 - 3.00	615,000	615,000
2017	1 - 2 years	March 2019	2.52	2,000,000	-
2017	2 - 3 years	January - September 2020	2.39 - 2.88	10,130,000	-
Total				18,665,000	14,205,000
Less: Deferred debentures issuing costs				(16,154)	(9,474)
Debentures				18,648,846	14,195,526
Less: Current portion due within one year				(3,099,248)	(7,667,105)
Debentures - net of current portion				15,549,598	6,528,421

The Company has to comply with certain terms and conditions, such as maintenance of a debt to equity ratio of not more than 10:1 throughout the life of the debentures. In addition, the Company can early redeem the debentures if certain specified conditions are met.

21. Provision for long-term employee benefits

Provision for long-term employee benefits which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Beginning balance of provision for long-term employee benefits	21,884	18,122
Recognised in profit or loss:		
Current service cost ⁽¹⁾	2,216	1,925
Interest cost ⁽¹⁾	844	768
Recognised in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumption changes	230	1,846
Financial assumption changes	897	(1,277)
Experience adjustments	(505)	810
Benefit paid during the year	-	(310)
Ending balance of provision for long-term employee benefits	25,566	21,884

⁽¹⁾ Long-term employee benefit expenses recognised in selling and administrative expenses.

As at 31 December 2017, the weighted average duration for payment long-term employee benefits of the Company is 20 years, (2016: 20 years) and the Company expected not to pay long-term employee benefits within next 1 year.

Key actuarial assumptions at the valuation date are as follows:

	2017	2016
	(% per annum)	(% per annum)
Discount rate	3.13	3.50
Future salary increase rate (depending on age of employee)	5.98	6.39
Staff turnover rate (depending on age of employee)	0 - 6	0 - 7

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)				
	2017		2016	
	Rate increase by 0.5%	Rate decrease by 0.5%	Rate increase by 0.5%	Rate decrease by 0.5%
Discount rate	Liabilities decreased by 1,231	Liabilities increased by 1,348	Liabilities decreased by 1,023	Liabilities increased by 1,109
Salary increase rate	Liabilities increased by 1,274	Liabilities decreased by 1,178	Liabilities increased by 1,043	Liabilities decreased by 973

22. Dividend

On 1 April 2016 the Annual General Meeting of Shareholders passed a resolution to pay an annual dividend for the year 2015 of Baht 0.18 per share of 2,416,227,209 ordinary shares or total of Baht 435 million. The Company paid the dividend to the shareholders on 29 April 2016.

On 4 April 2017 the Annual General Meeting of Shareholders passed a resolution to pay an annual dividend for the year 2016 of Baht 0.21 per share of 2,416,227,209 ordinary shares or total of Baht 507 million. The Company paid the dividend to the shareholders on 28 April 2017.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, statutory reserve has fully been set aside.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Bad debt and doubtful accounts	523,433	496,346
Salary and wages and other employee benefits	251,265	223,786
Bank charges and service fee expenses	29,017	26,110
Impairment loss on property foreclosed	9,197	-
Depreciation and amortisation	23,883	19,622
Legal fees	49,056	45,946

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Managing Director has been identified as chief operating decision maker.

For management purposes, the Company is organised into business units based on its products and services and has three reportable segments as follows: (1) New car (2) Used car and (3) Others.

The chief operating decision maker monitors the operating results of the Company's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which is measured on the same basis as that used for reporting profit and loss in the financial statements. However, the Company's finance costs and income taxes are managed on a group basis, and therefore these expenses are not allocated to each operating segment.

The following tables present revenue, profit and segment assets information regarding the Company's operating segments for the years ended 31 December 2017 and 2016.

	(Unit: Thousand Baht)		
	For the year ended 31 December 2017		
			Total
	New cars	Used cars	segments
Revenue from external customers			
Hire purchase interest income	1,570,587	1,158,766	2,729,353
Financial lease interest income	28,661	2,596	31,257
Other income	193,931	151,912	345,843
Unallocated other income			200,782
Total revenues	1,793,179	1,313,274	3,307,235
Operating expenses	(56,911)	(53,306)	(110,217)
Impairment loss on property foreclosed			(9,197)
Depreciation and amortisation			(23,883)
Unallocated operating expenses			(352,443)
Bad debts and doubtful accounts			(523,433)
Finance cost			(882,406)
Profit before income tax			1,405,656
Income tax			(279,843)
Profit for the year			1,125,813
	(Unit: Thousand Baht)		
	For the year ended 31 December 2016		
			Total
	New cars	Used cars	segments
Revenue from external customers			
Hire purchase interest income	1,387,301	1,067,472	2,454,773
Financial lease interest income	26,988	2,756	29,744
Other income	165,808	146,860	312,668
Unallocated other income			188,006
Total revenues	1,580,097	1,217,088	2,985,191
Operating expenses	(51,459)	(53,359)	(104,818)
Depreciation and amortisation			(19,622)
Unallocated operating expenses			(315,149)
Bad debts and doubtful accounts			(496,346)
Finance cost			(946,996)
Profit before income tax			1,102,260
Income tax			(221,103)
Profit for the year			881,157

The following table presents segment assets of the Company's operating segments as at 31 December 2017 and 2016:

(Unit: Thousand Baht)			
As at 31 December 2017			
	New cars	Used cars	Total segments
Segment assets			
Hire purchase and financial lease receivables	26,433,813	12,164,436	38,598,249
Unallocated assets			893,543
Total assets			39,491,792

(Unit: Thousand Baht)			
As at 31 December 2016			
	New cars	Used cars	Total segments
Segment assets			
Hire purchase and financial lease receivables	21,867,819	10,879,719	32,747,538
Unallocated assets			617,331
Total assets			33,364,869

Geographic information

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the years 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contribute to the fund monthly at the rate of 5 - 15 percent of basic salary and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The provident fund is managed by Thanachart Fund Management Company Limited, which will be paid to employees upon termination in accordance with the fund rules. The contributed for the year 2017 amounting to approximately Baht 6 million (2016: Baht 6 million) were recognised as expenses.

28. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. List of related parties and transactions are summarised below.

Name of related parties	Relationship with the Company		
Thanachart Bank Plc.	Parent company		
Baan Rock Garden Plc.	Have common director and shareholder		
Citywood Co., Ltd.	Have common director and shareholder		
Thanachart Insurance Plc.	Affiliated company		
(Unit: Thousand Baht)			
	For the years ended		
	31 December		Transfer pricing policy
	2017	2016	(For the year 2017)
<u>Transactions with related parties</u>			
Parent company - Thanachart Bank Plc.			
Interest income	763	465	The same rates as charged to general customers
Interest expenses	37,471	17,566	As stipulated in agreements and prospectus
Bank fee expenses	6,604	9,704	As stipulated in agreements
Premises and equipment expenses	311	314	As stipulated in agreements
Service fee expenses	5,712	8,506	As stipulated in agreements
Related parties			
Interest expenses - Baan Rock Garden Plc.	4,308	5,662	As mutually agreed
Interest expenses - Thanachart Insurance Plc.	10,147	21,700	As stipulated in prospectus
Insurance expenses - Thanachart Insurance Plc.	1,517	2,319	As stipulated in agreements
Management, directors and related persons			
Interest expenses	1,095	2,065	As mutually agreed

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Cash and cash equivalents - cash at bank		
Parent company - Thanachart Bank Plc.	134,157	68,082
Other assets - Deposit		
Parent company - Thanachart Bank Plc.	65	65
Other receivables - interest receivable		
Parent company - Thanachart Bank Plc.	14	8
Short - term loans from financial institutions		
Parent company - Thanachart Bank Plc.	1,570,000	3,180,000
Short - term loans		
Related parties - Baan Rock Garden Plc.	220,000	210,000
Management, directors and related persons	6,000	10,000
Debentures		
Parent company - Thanachart Bank Plc.	31,000	-
Related parties - Thanachart Insurance Plc.	350,000	300,000
Other payables - accrued expenses		
Parent company - Thanachart Bank Plc.	5	1,483
Accrued interest		
Parent company - Thanachart Bank Plc.	265	329
Related parties - Thanachart Insurance Plc.	4,424	4,044
Long-term loans		
Management, directors and related persons	28,000	28,000

Movements of loans from related persons and related parties during the years are as follows:

(Unit: Thousand Baht)				
For the year ended 31 December 2017				
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<u>Short-term loans from financial institutions</u>				
Thanachart Bank Plc.	3,180,000	62,950,000	(64,560,000)	1,570,000
<u>Short-term loans</u>				
Baan Rock Garden Plc.	210,000	895,000	(885,000)	220,000
Management, directors and related persons	38,000	16,000	(20,000)	34,000
<u>Long-term loans</u>				
Management, directors and related persons	28,000	-	-	28,000
<u>Long-term debentures</u>				
Thanachart Bank Plc.	-	1,756,000	(1,725,000)	31,000
Thanachart Insurance Plc.	300,000	265,000	(215,000)	350,000

(Unit: Thousand Baht)				
For the year ended 31 December 2016				
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<u>Short-term loans from financial institutions</u>				
Thanachart Bank Plc.	1,210,000	39,110,000	(37,140,000)	3,180,000
<u>Short-term loans</u>				
Baan Rock Garden Plc.	195,000	795,000	(780,000)	210,000
Management, directors and related persons	69,000	382,000	(413,000)	38,000
<u>Long-term loans</u>				
Management, directors and related persons	-	28,000	-	28,000
<u>Long-term debentures</u>				
Thanachart Bank Plc.	-	180,000	(180,000)	-
Thanachart Insurance Plc.	429,400	300,000	(429,400)	300,000

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Short-term employee benefits	47,139	38,021
Post-employment benefits	857	779
Total	47,996	38,800

29. Commitments and contingent liabilities

29.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 5 years. As at 31 December 2017 and 2016, future minimum lease payments required under these non-cancellable operating leases contracts are as follows.

	(Unit: Thousand Baht)	
	2017	2016
Payable within		
Less than 1 year	4,321	4,224
1 to 5 years	4,172	1,906

29.2 Long-term service commitments

As at 31 December 2017 and 2016, the Company has commitments in respect of the agreements appointing debenture trustees and a debenture holder representatives, whereby fees payable in the future are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Payable within		
Less than 1 year	177	483
1 to 4 years	213	142

29.3 The Company has commitments under support service agreement with its parent company. Service payables due within 31 December 2017 amounting to Baht 3 million. (2016: Baht 5 million)

29.4 Litigation

As at 31 December 2017, the Company is being sued as defendant or co-defendant in lawsuits with claims totaling Baht 2 million which final judgement has not yet been rendered. However, the management of the Company has exercised judgement to assess the outcome of the litigation and is confident that the Company will not incur any significant losses. Therefore, no contingent liability has been recognised.

30. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase/financial lease receivables/payables, loans, debentures, and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

30.1 Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase and financial lease receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loans and receivables less allowance for doubtful accounts as stated in the statements of financial position.

30.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial positions of the Company. As the Company has no foreign currency transactions and has a small amount invested in securities, market risk consists of only interest rate risk.

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

Significant financial assets and liabilities, as at 31 December 2017 and 2016, classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Transactions	2017					
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total
	Repricing or maturity date					
	Within 1 year	1-5 years	Over 5 years			
Financial assets						
Cash and cash equivalents	-	-	-	177	13	190
Hire purchase receivables ⁽¹⁾	13,685	24,620	5	-	1,648	39,958
Financial lease receivables ⁽¹⁾	150	324	-	-	9	483
Financial liabilities						
Short-term loans from financial institutions	12,816	-	-	-	-	12,816
Short-term loans	387	-	-	-	-	387
Other payables	-	-	-	-	238	238
Hire purchase and financial lease payables	3	8	-	-	-	11
Long-term loans	900	339	-	-	-	1,239
Debentures	3,099	15,550	-	-	-	18,649

(1) The outstanding balances of hire purchase and financial lease receivables that are non-interest bearing include non-performing loans (receivables overdue more than 3 installments) for which revenue recognition has ceased.

(Unit: Million Baht)

	2016					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
Transactions	Within	1-5	Over	interest	interest	Total
	1 year	years	5 years	rate	bearing	
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	108	10	118
Hire purchase receivables ⁽¹⁾	11,953	20,256	8	-	1,511	33,728
Financial lease receivables ⁽¹⁾	134	302	-	-	5	441
<u>Financial liabilities</u>						
Short-term loans from financial institutions	11,049	-	-	-	-	11,049
Short-term loans	743	-	-	-	-	743
Other payables	-	-	-	-	247	247
Hire purchase and financial lease payables	3	5	-	-	-	8
Long-term loans	500	1,189	-	-	-	1,689
Debentures	7,667	6,529	-	-	-	14,196

(1) The outstanding balances of hire purchase and financial lease receivables that are non-interest bearing include non-performing loans (receivables overdue more than 3 installments) for which revenue recognition has ceased.

30.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the statement of financial position date, the periods to maturity of financial instruments held as at 31 December 2017 and 2016 are as follows:

(Unit: Million Baht)

Transactions	2017				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
<u>Financial assets</u>					
Cash and cash equivalents	190	-	-	-	190
Hire purchase receivables ⁽¹⁾	-	13,685	24,625	1,648	39,958
Financial lease receivables ⁽¹⁾	-	150	324	9	483
<u>Financial liabilities</u>					
Short-term loans from financial institutions	-	12,816	-	-	12,816
Short-term loans	387	-	-	-	387
Other payables	-	238	-	-	238
Hire purchase and financial lease payables	-	3	8	-	11
Long-term loans	-	900	339	-	1,239
Debentures	-	3,099	15,550	-	18,649

(1) The outstanding balances of hire purchase and financial lease receivables which have no specific maturity dates include non-performing loans (receivables overdue more than 3 installments).

(Unit: Million Baht)

Transactions	2016				Total
	At call	Less than 1 year	Over 1 year	No specific maturity	
<u>Financial assets</u>					
Cash and cash equivalents	118	-	-	-	118
Hire purchase receivables ⁽¹⁾	-	11,953	20,264	1,511	33,728
Financial lease receivables ⁽¹⁾	-	134	302	5	441
<u>Financial liabilities</u>					
Short-term loans from financial institutions	-	11,049	-	-	11,049
Short-term loans	743	-	-	-	743
Other payables	-	247	-	-	247
Hire purchase and financial lease payables	-	3	5	-	8
Long-term loans	-	500	1,189	-	1,689
Debentures	-	7,667	6,529	-	14,196

(1) The outstanding balances of hire purchase and financial lease receivables which have no specific maturity dates include non-performing loans (receivables overdue more than 3 installments).

30.4 Fair value

As at 31 December 2017 and 2016, the Company had no assets and liabilities that were measured at fair value. However, the Company had assets and liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	2017				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
Cash and cash equivalents	190	190	-	-	190
Hire purchase receivables	38,123	-	-	38,742	38,742
Financial lease receivables	475	-	-	473	473
Investment properties	19	-	-	35	35
Liabilities for which fair value are disclosed					
Short-term loans from financial institutions	12,816	-	12,816	-	12,816
Short-term loans	387	-	387	-	387
Other payables	238	-	238	-	238
Hire purchase and financial lease payables	11	-	11	-	11
Long-term loans	1,239	-	1,244	-	1,244
Debentures	18,649	-	18,821	-	18,821

(Unit: Million Baht)

	2016				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
Cash and cash equivalents	118	118	-	-	118
Hire purchase receivables	32,312	-	-	32,723	32,723
Financial lease receivables	436	-	-	438	438
Investment properties	19	-	-	32	32
Liabilities for which fair value are disclosed					
Short-term loans from financial institutions	11,049	-	11,049	-	11,049
Short-term loans	743	-	743	-	743
Other payables	247	-	247	-	247
Hire purchase and financial lease payables	8	-	8	-	8
Long-term loans	1,689	-	1,712	-	1,712
Debentures	14,196	-	14,316	-	14,316

Fair value hierarchy for financial assets and liabilities are presented according to notes 4.17 to the financial statements.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans and other payables, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase and financial lease receivables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For debentures, long-term loans and liabilities under hire purchase and financial lease payables carrying fixed interest, their fair value has been determined by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- d) Fair value of investment properties has been determined based on market price performed by an independent valuer.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern.

As at 31 December 2017, the Company's debt-to-equity ratio was 6.01:1 (2016: 5.66:1).

32. Event after the reporting period

On 14 February 2018, the Company issued 2 lots of unsubordinated, unsecured, registered debentures with no trustee to institution investor and/or high net worth investor. The first lot is debentures of Baht 600 million which have a term of 2 years 10 months. The second lot is debentures of Baht 1,800 million which have a term of 3 years and carry interest payable semi-annually.

On 16 February 2018, a meeting of the Company's Board of Directors passed a resolution to propose the following to the Annual General Meeting of shareholders for approval:

- 1) Dividend payment to the shareholders from net profit for 2017, consisting of a cash dividend of Baht 0.03 per share and a stock dividend of 604 million shares (to be allocated at a rate of 1 dividend share for every 4 shares held) or equivalent to a total dividend payment of Baht 0.28 per share.
- 2) Decrease the Company's registered share capital by 124 ordinary shares of Baht 1 each.
- 3) Increase the Company's registered share capital by 604 million ordinary shares, such that the Company has a registered share capital of Baht 3,020 million (3,020 million ordinary shares of Baht 1 each) to support the payment of the stock dividend.
- 4) An increased budget for debentures to be issued and offered during the year 2018, and cancel of the previously approved budget.

33. Reclassification

The Company reclassified certain amounts in the prior year's financial statements to conform to the current year's classification without any effect to previously reported profit or shareholders' equity.

(Unit: Thousand Baht)		
As at 31 December 2016		
	As reclassified	As previously reported
Short-term loans		
Related persons and related parties	220,000	248,000
Unrelated persons and unrelated parties	523,000	684,000
Long-term loans		
Related persons and related parties	28,000	-
Unrelated persons and unrelated parties	1,160,968	999,968

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2018.



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